

# **EXHIBIT 4**



## APPRAISAL OF REAL PROPERTY

The Bentley  
257 South 16th Street  
Philadelphia, PA 19102

## IN AN APPRAISAL REPORT

As of October 18, 2022

### Prepared For:

Citizens Bank, NA  
130 North 18th Street, 13th Floor  
Philadelphia, PA 19103

RERS: 11202280349

### Prepared By:

Cushman & Wakefield of Pennsylvania, LLC  
Valuation & Advisory  
One Liberty Place, 1650 Market Street, 48th Floor  
Philadelphia, PA 19103  
Cushman & Wakefield File ID: 22-22002-901764-001



**The Bentley**

**257 South 16th Street**

**Philadelphia, PA 19102**



One Liberty Place, 1650 Market Street, 48th Floor  
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October 28, 2022

Baker Bell, MAI  
Real Estate Risk Services  
**Citizens Bank, NA**  
130 North 18th Street, 13th Floor  
Philadelphia, PA 19103

Re: Appraisal Report

**The Bentley**  
257 South 16th Street  
Philadelphia, PA 19102

Cushman & Wakefield File ID: 22-22002-901764-001  
RERS: 11202280349

Dear Mr. Bell:

In fulfillment of our agreement as outlined in the Letter of Engagement copied in the Addenda, we are pleased to transmit our appraisal of the above referenced property in the following Appraisal Report.

The subject property, The Bentley, is a high-rise apartment complex containing 42,415 square feet of rentable area within 61 residential apartment units. The improvements, which are steel and masonry construction, contain 1 residential building, that is 17 stories in height. The subject is currently vacant and undergoing renovation to all units and common areas. These renovations are anticipated to reposition the property with higher rents and are estimated to be completed April 2023, with an anticipated stabilization date of April 2024.

This Appraisal Report has been prepared in accordance with our interpretation of your institution's guidelines, Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and the Uniform Standards of Professional Appraisal Practice (USPAP).

The Commercial Real Estate (CRE) market is driven by investor demand and strong liquidity. Since its onset in March 2020, the COVID-19 pandemic has had a dramatic effect on both factors as the market navigated COVID's actual and perceived impacts. Either through empirical data or COVID fatigue, society and the market are perceiving that we are near the end of the pandemic. Still, varying degrees of uncertainty exist in most property types with regards to forecasted demand. As we have throughout the pandemic, Cushman & Wakefield is closely monitoring the latest developments resulting from the COVID-19 pandemic and recovery, as well as its effects on the subject and its market. Furthermore, we are monitoring the impacts of the Russian invasion of Ukraine, the Federal Reserve's interest rate hikes, inflation, and supply chain constraints. Please refer to the Investment Considerations section of this report for added details.

Baker Bell, MAI  
 Citizens Bank, NA  
 October 28, 2022  
 Page 4

Based on the agreed-to Scope of Work, and as outlined in the report, we developed the following opinions, inclusive of personal property:

Value Conclusions			
Appraisal Premise	Real Property Interest	Date of Value	Value Conclusion
Market Value As-Is	Fee Simple	October 18, 2022	\$15,100,000
Prospective Market Value Upon Completion	Leased Fee	April 1, 2023	\$23,300,000
Prospective Market Value Upon Stabilization	Leased Fee	April 1, 2024	\$25,100,000

*Compiled by Cushman & Wakefield of Pennsylvania, LLC*

## Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

The prospective market value estimate is based upon market participant attitudes and perceptions existing as of the effective date of our appraisal, and assumes the subject property is completed and/or achieves stabilization as of our prospective date. We assume no material change in the physical characteristics and condition of the subject property or in overall market conditions between the date of inspection and effective date of value, except for those identified within the report.

It is assumed that the proposed improvements are constructed in a quality manner in accordance with the information communicated to us by the developer. If the design or quality differs from that which has been considered herein, the value conclusions could be impacted accordingly. Any undue delay in the construction timeline could materially impact the value conclusion reported herein.

## Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

Baker Bell, MAI  
Citizens Bank, NA  
October 28, 2022  
Page 5

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

**CUSHMAN & WAKEFIELD OF PENNSYLVANIA, LLC**



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## Client Satisfaction Survey

### WE WANT TO HEAR FROM YOU! VALUATION & ADVISORY



#### V&A National Quality Control Group values your feedback!

- What are we doing right?
- Are there areas where we could improve?
- Did our report meet your requirements?

As part of our quality monitoring campaign, your comments are critical to our efforts to continuously improve our service.

We'd appreciate your help in completing a short survey pertaining to this report and the level of service you received. Rest assured, any feedback will be treated with proper discretion and is not shared with executive management. If you prefer to limit who receives the survey response, the distribution can be altered at your request.

Simply click <https://www.surveymonkey.com/r/LQKCGLF?c=22-22002-901764-001> to respond or print out the survey in the Addenda to submit a hard copy or fax response to Rick Zbranek at (713) 963 2870.

#### Contact our Quality Control Committee with any questions or comments:

**Steve Henry, MAI**  
Executive Managing Director  
National Quality Control - Co Leader  
Valuation & Advisory  
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## Table of Contents

Summary of Salient Facts and Conclusions .....	8
Property Photographs .....	11
Scope of Work.....	16
Overview .....	16
Report Option Description.....	17
Identification of Property .....	17
Property Ownership and Recent History.....	17
Dates of Inspection and Valuation .....	18
Client, Intended Use and Users of the Appraisal.....	18
Regional Analysis.....	19
Philadelphia Regional Market Analysis.....	20
Access.....	31
Local Area Analysis Conclusion.....	32
Apartment Market Analysis .....	33
Overview .....	33
Introduction.....	33
National Apartment Market Statistics .....	34
National Apartment Investment Sales Market.....	35
National Apartment Market Summary .....	40
Philadelphia Apartment Market Overview.....	41
Demographic Profile.....	57
Apartment Market Analysis Summary.....	63
Property Analysis .....	65
Site Description .....	65
Improvements Description .....	69
Real Property Taxes and Assessments.....	73
Zoning .....	76
Valuation .....	78
Highest and Best Use .....	78
Valuation Process .....	80
Sales Comparison Approach .....	82
Income Capitalization Approach .....	89
Reconciliation and Final Value Opinion .....	121
Extraordinary Assumptions .....	121
Hypothetical Conditions .....	122
Click or tap here to enter text .....	123
Assumptions and Limiting Conditions .....	124
Certification .....	126
Addenda Contents .....	128

## Summary of Salient Facts and Conclusions

### BASIC INFORMATION

<b>Common Property Name:</b>	The Bentley
<b>Address:</b>	257 South 16th Street Philadelphia, Pennsylvania 19102
<b>Property Ownership Entity:</b>	USRE 257 LLC

### SITE INFORMATION

<b>Land Area:</b>	3,872 Square Feet	0.09 Acres
<b>Site Shape:</b>	Rectangular	
<b>Site Topography:</b>	Level at street grade	
<b>Frontage:</b>	Excellent	
<b>Site Utility:</b>	Good	
<b>Flood Zone Status:</b>		
<b>Flood Zone:</b>	X	
<b>Flood Map Number:</b>	420757 - 4207570183G	
<b>Flood Map Date:</b>	January 17, 2007	

### BUILDING INFORMATION

<b>Type of Property:</b>	Multi-Family
<b>Sub Type:</b>	Mid/High-Rise
<b>Building Area:</b>	
<b>Number of Units:</b>	61 Units
<b>Gross Building Area:</b>	55,204 SF
<b>Net Rentable Area:</b>	42,415 SF
<b>Land-to-Building Ratio:</b>	0.07:1
<b>Number of Buildings:</b>	One
<b>Number of Stories:</b>	17
<b>Quality:</b>	Good
<b>Year Built:</b>	1926
<b>Year Renovated:</b>	2022
<b>Condition:</b>	Good (Upon Completion)
<b>Actual Age:</b>	96 Years
<b>Effective Age:</b>	10 Years
<b>Remaining Economic Life:</b>	40 Years

#### Unit Amenities:

City Views, Granite Countertops, Gas Ranges, Stainless Steel Appliances, Walk-in Closets, Central Air Conditioning, Hardwood Floors and Fully Equipped Kitchens

#### Project Amenities:

Controlled Access, Doorman, Security Cameras, Fitness Center, On-Site Property Management and Leasing Center and Laundry Facilities

## MUNICIPAL INFORMATION

### Assessment Information:

<b>Assessing Authority:</b>	City of Philadelphia
<b>Assessor's Parcel Identification:</b>	881031500
<b>Current Tax Year:</b>	2023
<b>Taxable Assessment:</b>	\$11,816,100
<b>Current Tax Liability:</b>	\$165,402
<b>Taxes per Unit:</b>	\$2,712
<b>Are taxes current?</b>	Taxes are current
<b>Is a grievance underway?</b>	Not to our knowledge
<b>Subject's assessment is:</b>	Reasonable

### Zoning Information:

<b>Municipality Governing Zoning:</b>	City of Philadelphia
<b>Current Zoning:</b>	CMX-3
<b>Is current use permitted?</b>	Yes
<b>Current Use Compliance:</b>	Pre-existing, non-complying use

## HIGHEST & BEST USE

### As Though Vacant:

An apartment or other form of multi-family building built to its maximum feasible building area, as demand warrants.

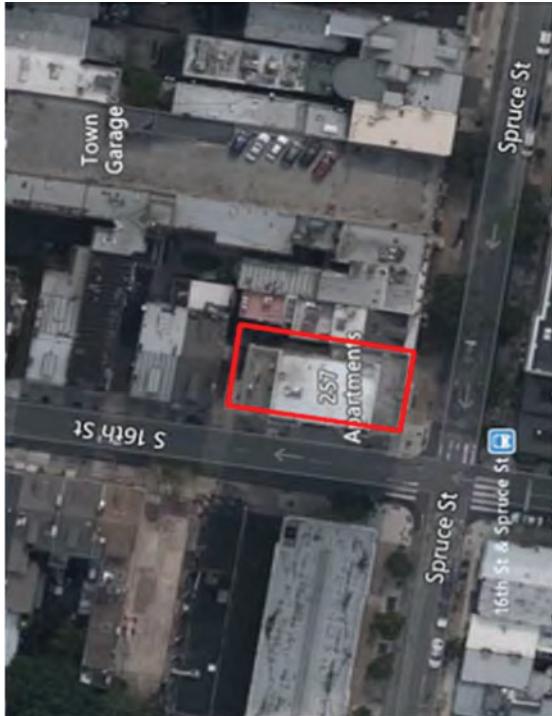
### As Improved:

Renovate the apartment building per the sponsor's provided plans, specifications and cost budget.

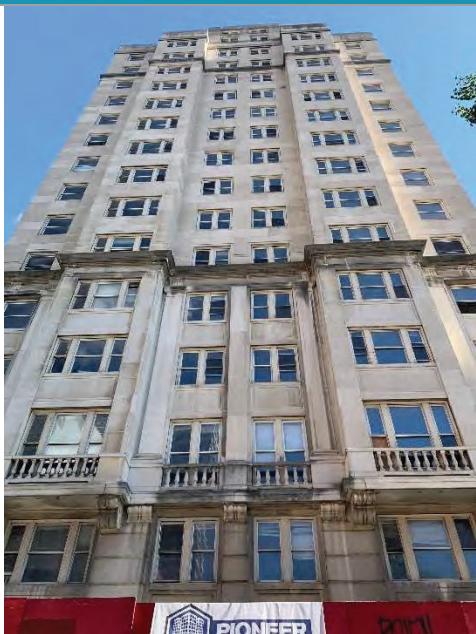
VALUATION INDICES	Market Value As-Is	Prospective Market Value Upon Completion	Prospective Market Value Upon Stabilization
<b>VALUE DATE</b>	<b>October 18, 2022</b>	<b>April 1, 2023</b>	<b>April 1, 2024</b>
<b>SALES COMPARISON APPROACH</b>			
Indicated Value:	\$14,900,000	\$22,600,000	\$24,400,000
Per Unit:	\$244,262	\$370,492	\$400,000
<b>INCOME CAPITALIZATION APPROACH</b>			
<b>Yield Capitalization</b>	12 Years	12 Years	11 Years
	11 Years	11 Years	10 Years
	5.50%	5.50%	5.50%
	8.00%	7.75%	7.50%
	\$15,100,000	\$23,300,000	\$25,100,000
	\$247,541	\$381,967	\$411,475
<b>Direct Capitalization</b>	\$1,303,434	\$1,303,434	\$1,303,434
	5.25%	5.25%	5.25%
	\$24,827,323	\$24,827,323	\$24,827,323
	\$24,800,000	\$24,800,000	\$24,800,000
	(\$1,800,000)	(\$1,800,000)	N/A
	(\$7,681,584)	N/A	N/A
	\$15,345,739	\$23,027,323	\$24,827,323
	\$15,300,000	\$23,000,000	\$24,800,000
	\$250,820	\$377,049	\$406,557
<b>Income Capitalization Approach</b>	\$15,100,000	\$23,300,000	\$25,100,000
	\$247,541	\$381,967	\$411,475
<b>FINAL VALUE CONCLUSION</b>			
Real Property Interest:	Fee Simple	Leased Fee	Leased Fee
Concluded Value:	\$15,100,000	\$23,300,000	\$25,100,000
Per Unit:	\$247,541	\$381,967	\$411,475
Implied Capitalization Rate:	N/A	N/A	5.19%
<b>EXPOSURE AND MARKETING TIMES</b>			
Exposure Time:	6-12 Months		
Marketing Time:	6-12 Months		

## Property Photographs

### AERIAL PHOTOGRAPH



EAST VIEW OF SUBJECT



EAST VIEW &amp; ENTRANCE OF SUBJECT



EAST VIEW OF SUBJECT



EAST VIEW OF SUBJECT



SOUTHEAST VIEW



LOBBY/STAIRWELL



LOBBY



STAIRWELL



LOBBY AND STAIRWELL



TENANT CORRIDOR



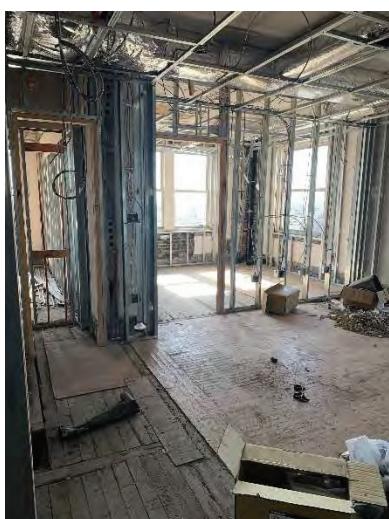
UNIT REMODEL



UNIT REMODEL



UNIT REMODEL



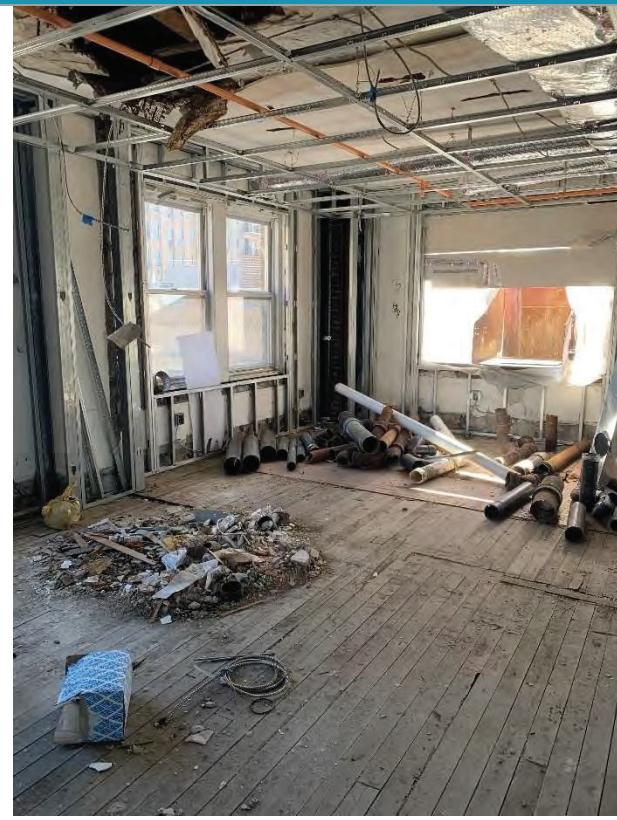
UNIT REMODEL



UNIT REMODEL



UNIT REMODEL



STAIRWELL



UNIT REMODEL



## Scope of Work

### Overview

Scope of work is the type and extent of research and analyses involved in an assignment. To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the relevant characteristics of the subject property, and other pertinent factors. Our concluded scope of work is summarized below, and in some instances, additional scope details are included in the appropriate sections of the report:

### Research

- We inspected the property and its environs. Physical information on the subject was obtained from the property owner's representative, public records, and/or third-party sources.
- Regional economic and demographic trends, as well as the specifics of the subject's local area were investigated. Data on the local and regional property market (supply and demand trends, rent levels, etc.) was also obtained. This process was based on interviews with regional and/or local market participants, primary research, available published data, and other various resources.
- Other relevant data was collected, verified, and analyzed. Comparable property data was obtained from various sources (public records, third-party data-reporting services, etc.) and confirmed with a party to the transaction (buyer, seller, broker, owner, tenant, etc.) wherever possible. It is, however, sometimes necessary to rely on other sources deemed reliable, such as data reporting services.

### Analysis

- Based upon the subject property characteristics, prevailing market dynamics, and other information, we developed an opinion of the property's Highest and Best Use.
- We analyzed the data gathered using generally accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value.
- The results of each valuation approach are considered and reconciled into a reasonable value estimate.

This Appraisal Report has been prepared in accordance with our interpretation of your institution's guidelines, Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and the Uniform Standards of Professional Appraisal Practice (USPAP).

Cushman & Wakefield of Pennsylvania, LLC has an internal Quality Control Oversight Program. This Program mandates a "second read" of all appraisals. Assignments prepared and signed solely by designated members (MAIs) are read by another MAI who is not participating in the assignment. Assignments prepared, in whole or in part, by non-designated appraisers require MAI participation, Quality Control Oversight, and signature. For this assignment, Quality Control Oversight was provided by Edward S. Falkowski, III, MAI, MRICS, SRA.

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value.

## Report Option Description

USPAP identifies two written report options: Appraisal Report and Restricted Appraisal Report. This document is prepared as an Appraisal Report in accordance with USPAP guidelines. The terms "describe," "summarize," and "state" connote different levels of detail, with "describe" as the most comprehensive approach and "state" as the least detailed. As such, the following provides specific descriptions about the level of detail and explanation included within the report:

- Describes the real estate and/or personal property that is the subject of the appraisal, including physical, economic, and other characteristics that are relevant
- States the type and definition of value and its source
- Describes the Scope of Work used to develop the appraisal
- Describes the information analyzed, the appraisal methods used, and the reasoning supporting the analyses and opinions; explains the exclusion of any valuation approaches
- States the use of the property as of the valuation date
- Describes the rationale for the Highest and Best Use opinion

## Identification of Property

Common Property Name:	The Bentley
Address:	257 South 16th Street, Philadelphia, Pennsylvania 19102
Location:	The subject property is a corner lot located on the west side of South 16th Street and on the north side of Spruce Street in Center City Philadelphia.
Assessor's Parcel ID:	881031500
Property Overview:	The subject property, The Bentley, is a high-rise apartment complex containing 42,415 square feet of rentable area within 61 residential apartment units. The improvements, which are steel and masonry construction, contain 1 residential building, that is 17 stories in height.

## Property Ownership and Recent History

Current Ownership:	USRE 257 LLC
Sale History:	The property was purchased by the current owner, USRE 257 LLC, on January 17, 2019 from 257 SOUTH 16TH STREET LP for \$11,074,000. Total basis in the property including acquisition costs, closing and carry costs are estimated at \$14 million. Following the purchase, the owner formulated plans to renovate the entire property at a total estimated cost of \$11 million. The most recent sale price is below our concluded opinion of Market Value As Is. This is reflective of the in-progress renovations and repositioning. To our knowledge, the property has not otherwise sold or transferred within three years of the effective date of the appraisal.

Current Disposition: To the best of our knowledge, the property is not under contract of sale nor is it being marketed for sale.

## Dates of Inspection and Valuation

Effective Date(s) of Valuation:

As Is: October 18, 2022  
Upon Completion: April 1, 2023  
Upon Stabilization: April 1, 2024  
Date of Report: October 28, 2022  
Date of Inspection: October 18, 2022  
Property Inspected by: Erick Mazzoni, MAI, CRE, MRICS did make a personal inspection of the subject property. Peter Lane, MAI and John R. Vincent III did not make a personal inspection of the subject property.

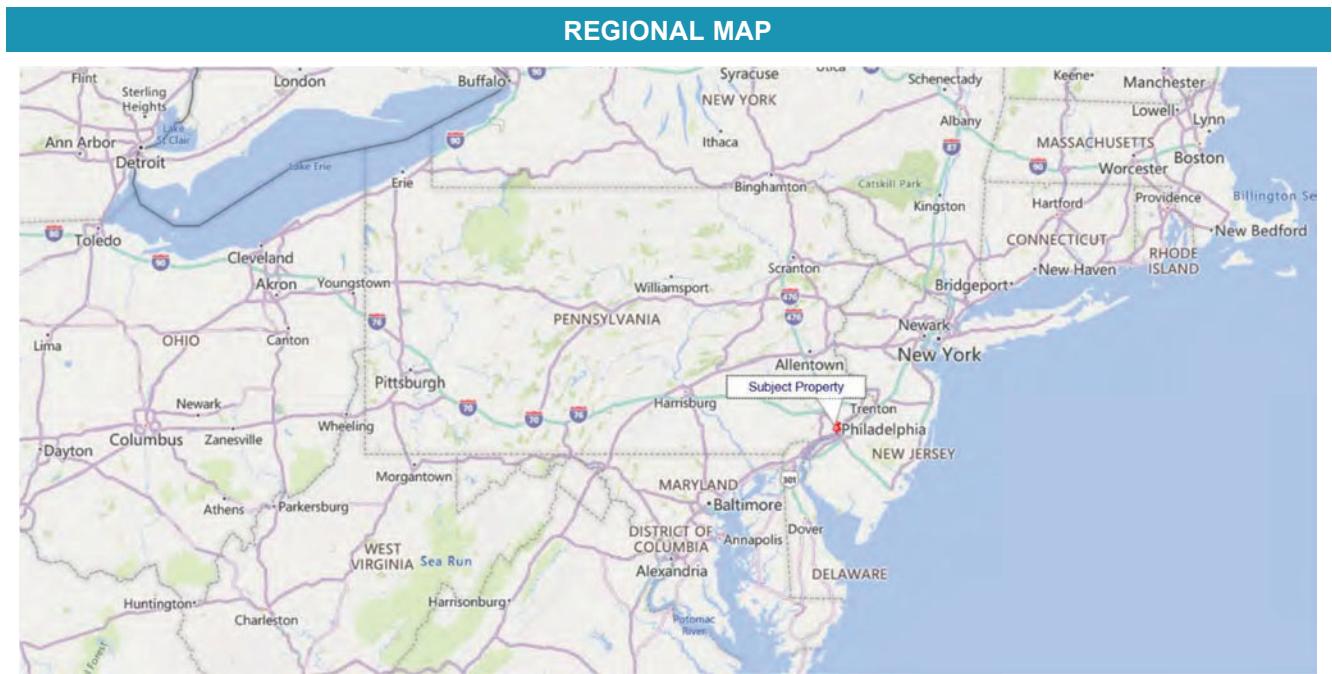
## Client, Intended Use and Users of the Appraisal

Client: Citizens Bank, NA

Intended Use: The Intended Use of the appraisal is to assist the Client with their collateral analysis and/or portfolio management. This report is not intended for any other use.

Intended User: The Intended Users include Citizens Bank NA, its subsidiaries, its affiliates, and/or its assigns and participants. Use of this report by others is not intended by the appraiser. Please see the Engagement Letter in the addenda.

## Regional Analysis



## Philadelphia Regional Market Analysis

### Introduction

More than six million people call the Philadelphia Core-Based Statistical Area (CBSA) home, making it the eighth-largest metropolitan area in the United States, according to Experian Marketing Solutions, Inc. 2021 estimates. The region is centrally located within the nation's northeast corridor, where it sits roughly 80 miles southwest of New York City and roughly 130 miles northeast of Washington, D.C. The Philadelphia Metropolitan Division (Philadelphia, Montgomery, Bucks, Delaware, and Chester Counties of Pennsylvania), the Wilmington Metropolitan Division (New Castle County, DE, Cecil County, MD, and Salem County, NJ) and the Camden Metropolitan Division (Burlington, Camden, and Gloucester Counties of New Jersey) make up the metro region. The city of Philadelphia, which lies on the banks of the Delaware and Schuylkill Rivers, is the region's focal point due to its central location. The city's boundaries are coterminous with Philadelphia County.

### Map

The following map highlights the location of the Philadelphia, PA-NJ-DE-MD Core-Based Statistical Area (CBSA):



Source: Cushman & Wakefield Valuation & Advisory

## Macro Trends

The economy continues to recover and evolve from the impacts of the COVID-19 pandemic and the economic crisis that followed. Right now, the Russian invasion of Ukraine, high inflation, the Federal Reserve's interest rate hikes, and continuing supply chain issues are further compounding market volatility. With this, it is important to take in mind that data lags, and industry participants are still trying to accurately determine some of the effects these events will, or have had, on the commercial real estate market. In other sections of the report, we will discuss these effects and impacts on the immediate market and subject property in as much detail as possible. For this regional analysis section of the report, we ask that you keep in mind that some macro trends may not affect the subject property directly.

## Current Trends

The Philadelphia CBSA benefits immensely from its foundation in the education & health services employment sector, which has anchored the regional economy through bouts of market volatility. Despite not having recovered all jobs lost in the education & health services sector through early September 2022, total non-farm employment continues to make a healthy recovery in the region. Sectors such as professional & business services have recovered all jobs lost from April 2020 and added roughly 4,600 additional jobs. Until the onset of the COVID-19 pandemic in early 2020, Philadelphia had experienced its fastest job growth since the late 1990s. Through future years, the region's well-developed transportation infrastructure, assortment of colleges and universities, and world-renowned hospitals will continue to be a strength for the economy while a large number of housing developments attempt to ease the strain on tight living conditions.

Further considerations for the Philadelphia CBSA are as follows:

- The Philadelphia CBSA supports an outsized share of education & health services payrolls, which account for 22.7% of nonfarm employment. The region is home to various higher learning facilities and elite healthcare systems, which includes The Children's Hospital of Philadelphia, Thomas Jefferson University Hospitals, Inc., the University of Pennsylvania, and the University of Pennsylvania Health System.
- Center City is expected to see the addition of an apartment tower consisting of 468 units at the corner of Broad Street and Lombard Street. The 43-story tower is projected to be built next to the former District Health Center One building, which is expected to be converted into retail space. No timeline for completion has been announced.
- A groundbreaking was held in May 2022 for NorthPoint Development's Keystone Trade Center project, a \$1.5 billion renovation of a former steel factory. NorthPoint Development anticipates building 20 buildings comprising roughly 15 million square feet of warehouse space in total at the 1,800-acre site and expects that the entire project will employ 10,000 people upon completion. No completion date has been released.
- Jefferson Health held a topping off ceremony for its \$762 million Specialty Care Pavilion at 11th Street and Chestnut Street in February 2022. The development is anticipated to represent the largest real estate investment in the company's history when construction is officially completed in 2024. The 19-story building is expected to include a pharmacy, 10 operating rooms, 300 exam rooms, specialty imaging and lab services, as well as underground parking below the building. Construction of the Specialty Care Pavilion is projected to support nearly 3,400 jobs and produce \$18.8 million in tax revenue for the city of Philadelphia.

- Construction is well underway at The Standard at Philadelphia, a 19-story apartment complex at 119 South 31<sup>st</sup> Street in University City. The project is expected to include 280 units and being built in an area that has very little residential development, helping meet local demand for housing. The Standard at Philadelphia is expected to be completed in late 2023.
- Construction continues on the next phase of the Piazza Terminal project, a mixed-use luxury development at 1099 Germantown Avenue known as Piazza Alta. The project is anticipated to include roughly 1,100 residential units across 1.1 million square feet and is slated to include high-end amenities, such as a golf simulator, rowing machine, ski simulator, and a large pool. In total, the site is projected to comprise of a 16-story building and two 12-story buildings. The Piazza Alta project is scheduled for completion in December 2022.
- Six years after acquiring the Belmont Behavioral Hospital in Philadelphia, Acadia Healthcare opened the \$125 million medical center that replaced it in June 2021. The six-story facility, designed to be more home-like and less institutional, created hundreds of temporary jobs during construction, with the larger hospital allowing Belmont to expand its workforce to roughly 850 people. Demolition of the existing hospital was completed in January 2022, with the remaining area expected to be used for green space and parking.
- In March 2021, the Children's Hospital of Philadelphia unveiled two new high-rise proposals; an anticipated 13-16-floor South Philadelphia Tower at 3401 Civic Center Boulevard in West Philadelphia, and a 22-floor University City tower at 690 Schuylkill Avenue in South Philadelphia. The two towers will comprise a significant portion of the \$3.4 billion plan for upgrades to the medical facility that is consistently near full capacity, with the rest of the funds anticipated for other hospital and research projects throughout the metro area, planned for completion by 2027. The South Philadelphia tower is expected to be delivered before 2024, and the University City tower is expected to be completed by 2027.
- Site clearance began on the Penn's Landing development in Fall of 2021, a 12-tower project being developed by the Durst Organization. The company aims to redevelop the waterfront south of the Benjamin Franklin Bridge into an 11.5-acre park, complete with 2,400 apartment units, a 225-room hotel, and 124,000 square feet of waterfront entertainment, dining, and retail space. The waterfront overhaul will cost roughly \$2.2 billion and will not require taxpayer subsidies. The park's completion has been delayed until the 2026 Independence Day celebration in Philadelphia, and the rest of the development is projected to be completed in four phases spanning over seven years.
- In May 2017, Penn Medicine announced plans for the construction of a new \$1.5 billion Pavilion for the Hospital of the University of Pennsylvania, marking Penn's largest financial investment in history. The Pavilion opened fully to patients in October 2021, adding 504 new beds, a new emergency department and 47 operating rooms. The 17-story tower holds a Gold Healthcare LEED certification by using 100% outside air and outdoor green space for patients and visitors.

## Demographic Characteristics

Philadelphia CBSA's demographic characteristics indicate a similarly aged and more affluent population than that of the nation. When compared to the United States, the Philadelphia CBSA earns \$13,659 more in terms of average annual household income. Part of this earnings disparity is accounted for in the share of individuals making \$100,000 or more annually, with the Philadelphia CBSA outperforming the United States in that category of annual earnings by 6.4%. The region also contains a stronger concentration of educational attainment than the United States, with 37% of its population having a bachelor's degree or higher versus 31.6% for the nation.

The following chart compares the demographic characteristics of the Philadelphia CBSA with those of the United States:

Demographic Characteristics Philadelphia CBSA vs. United States		
Characteristic	2021 Estimates	
	Philadelphia CBSA	United States
Median Age (years)	39	38
Average Annual Household Income	\$108,481	\$94,822
Median Annual Household Income	\$74,604	\$65,693
<i>Households by Annual Income Level:</i>		
<\$25,000	17.2%	18.5%
\$25,000 to \$49,999	17.2%	20.1%
\$50,000 to \$74,999	15.9%	17.5%
\$75,000 to \$99,999	12.8%	13.4%
\$100,000 plus	36.9%	30.5%
<i>Education Breakdown:</i>		
< High School	9.6%	12.3%
High School Graduate	29.6%	27.2%
College < Bachelor Degree	23.8%	28.9%
Bachelor's Degree	22.0%	19.5%
Advanced Degree	15.0%	12.1%

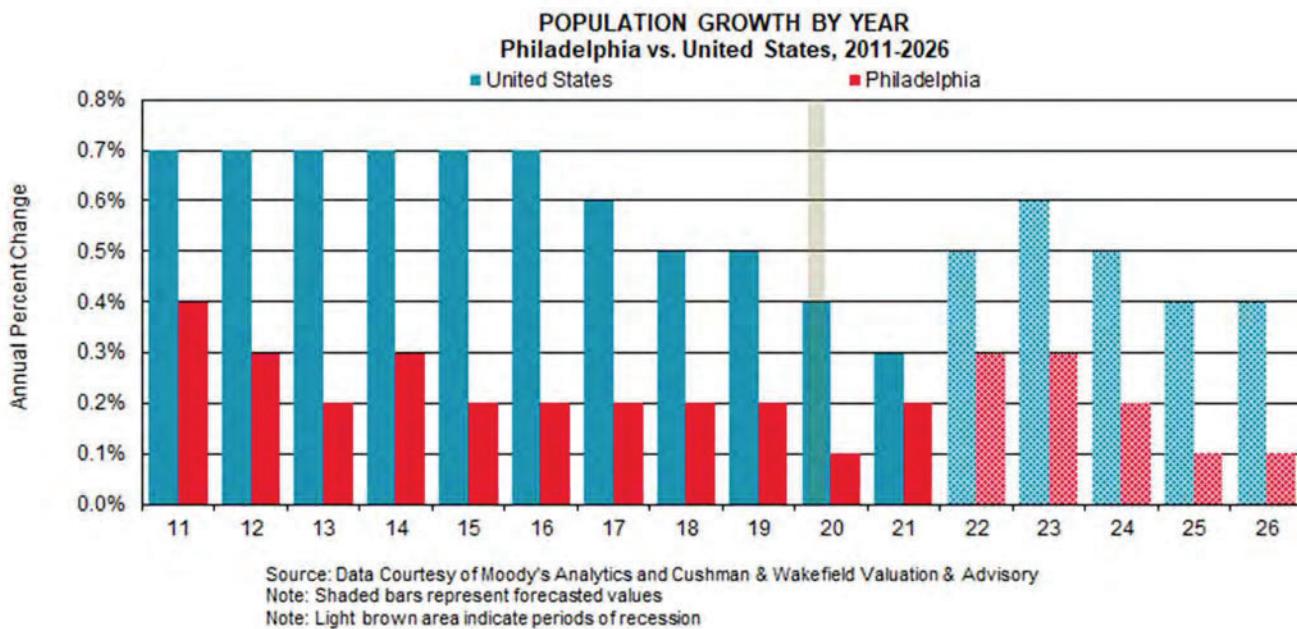
Source: © 2021 Experian Marketing Solutions, Inc. •All rights reserved•

Cushman & Wakefield Valuation & Advisory

## Population

The Philadelphia CBSA's regional population growth has trailed national population growth, averaging 0.2% annually from 2011 through 2021. During the same time period, Philadelphia's CBSA's population growth has trailed national population expansion by an average of 40 basis points and is forecast to hold steady at an average annual growth rate of 0.2% through 2026. Over the decade, Philadelphia CBSA's population grew at a lower rate compared to the nation due to weak performance from the following counties: Salem (-0.6%), Burlington (-0.1%), Camden (-0.1%), Delaware (0.1%), Bucks (0.1%), Cecil (0.1%) and Gloucester (0.1%).

The following chart compares population growth between the Philadelphia CBSA and the United States:



The following table shows Philadelphia CBSA's annualized population growth:

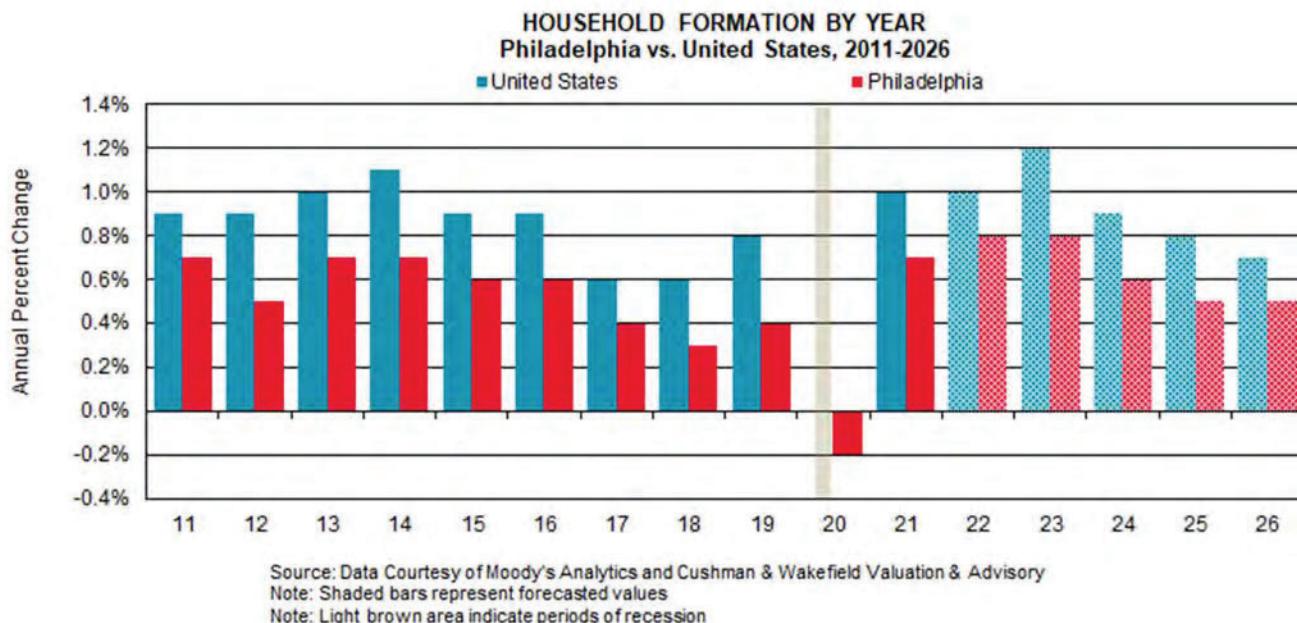
Annualized Population Growth Philadelphia 2011-2026						
Population (000's)	2011	2021	Forecast	Forecast	Compound Annual Growth Rate 11-21	Compound Annual Growth Rate 22-26
			2022	2026		
United States	311,583.5	330,605.8	332,390.5	338,383.5	0.6%	0.4%
Philadelphia	<b>5,996.2</b>	<b>6,118.8</b>	<b>6,137.5</b>	<b>6,184.7</b>	<b>0.2%</b>	<b>0.2%</b>
Philadelphia County, PA	1,540.5	1,587.3	1,591.4	1,597.9	0.3%	0.1%
Montgomery County, PA	805.3	835.2	838.8	849.4	0.4%	0.3%
Bucks County, PA	625.9	630.0	631.3	633.6	0.1%	0.1%
Delaware County, PA	559.3	567.3	568.4	570.2	0.1%	0.1%
New Castle County, DE	541.9	564.6	568.1	581.5	0.4%	0.6%
Chester County, PA	503.5	528.3	531.1	539.4	0.5%	0.4%
Camden County, NJ	512.6	505.3	505.8	506.3	-0.1%	0.0%
Burlington County, NJ	450.2	444.2	444.5	444.6	-0.1%	0.0%
Gloucester County, NJ	289.7	291.5	292.2	293.7	0.1%	0.1%
Cecil County, MD	101.6	103.0	103.5	105.3	0.1%	0.4%
Salem County, NJ	65.9	62.2	62.3	62.7	-0.6%	0.2%

Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory

## Households

Generally, a region's household formation trends are directly tied to its overall population growth, as an increase in the population drives demand for real estate. From 2011 through 2021, Philadelphia CBSA's regional household formation growth rate has trailed national expansion, averaging 0.5% annually. In the same ten-year period, Philadelphia's CBSA's household formation growth has trailed national growth by an average of 30 basis points and is forecast to increase to an average annual growth rate of 0.6% through 2026.

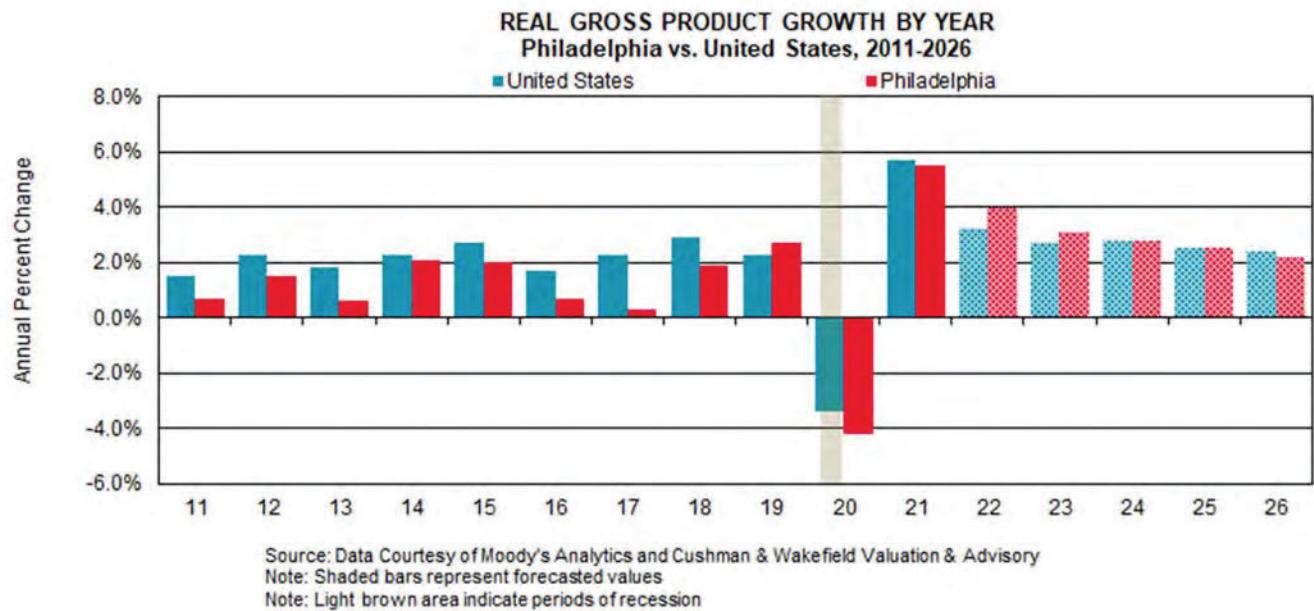
The chart below compares household formation growth between the Philadelphia CBSA and the United States:



## Gross Metro Product

Gross Metro Product (GMP) is defined as the market value of all final goods and services produced within a metropolitan area, and when compared to the nation's Gross Domestic Product (GDP), can determine shifting economic trends in a given region. Economic growth in the Philadelphia CBSA has trailed national economic expansion over the decade, averaging 1.3% annually from 2011 through 2021. Over the decade, Philadelphia CBSA's GMP has trailed national expansion by an average of 70 basis points and is forecast to increase to an average annual growth rate of 2.5% through 2026.

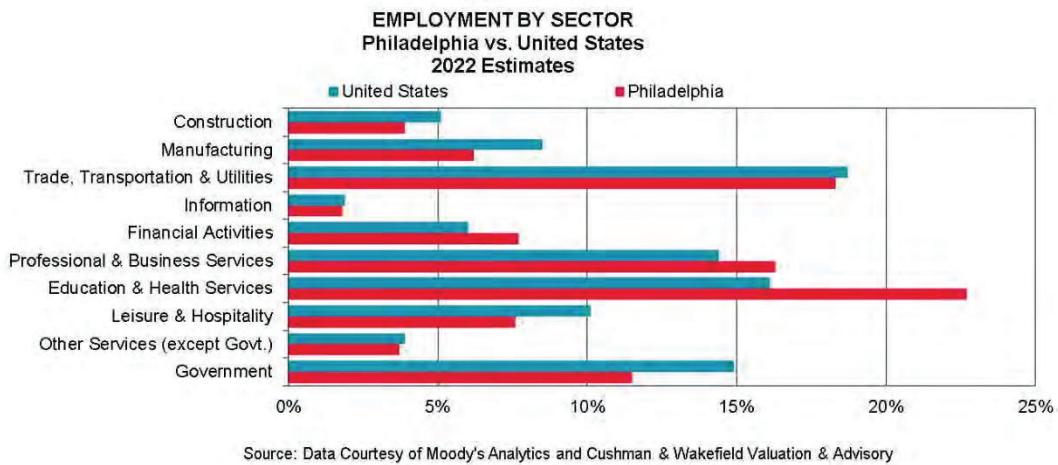
The following chart compares gross product growth by year for the Philadelphia CBSA and the United States:



## Employment Distribution

The Education & Health Services sector dominates the Philadelphia CBSA as the largest employment sector with roughly 22.7% of the regional workforce, compared to 16.1% on the national level. The Philadelphia CBSA offers a diverse mix of industry employment with the Trade, Transportation & Utilities and Professional & Business Services sectors accounting for 18.3% and 16.3% of total employment, respectively. Together, these three industries comprise 57.3% of the region's share of employment.

The following chart compares non-farm employment sectors for the Philadelphia CBSA and the United States:



## Major Employers

The following table lists Philadelphia CBSA's largest employers:

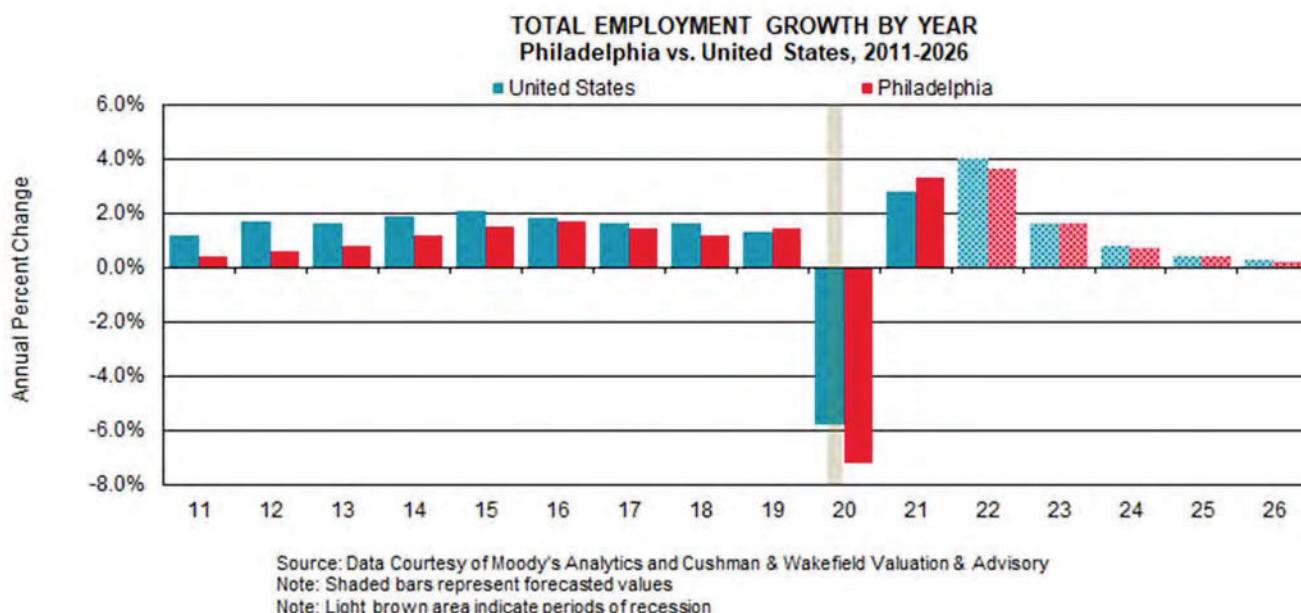
Largest Employers Philadelphia CBSA		
Company	No. of Employees	Business Type
DuPont de Nemours, Inc.	6,000	Chemical Manufacturing
Thomas Jefferson University Hospitals, Inc.	4,400	Healthcare
AstraZeneca Pharmaceuticals, LP	4,000	Biopharmaceutical Manufacturing
Unisys Corporation	3,400	Computer System Design Services
Burlington Stores, Inc.	2,674	Department Stores
SAP America, Inc.	1,700	Software Development
Integrity Staffing Solutions, Inc.	1,472	Employment Services
The University of Pennsylvania Health System	1,308	Healthcare
Main Line Hospitals, Inc.	1,287	Healthcare
The Children's Hospital of Philadelphia	1,281	Healthcare

Source: Dun & Bradstreet, Inc., and Cushman & Wakefield Valuation & Advisory

## Employment Growth

From 2011 through 2021, Philadelphia CBSA's regional employment growth has trailed national expansion, averaging 0.4% annually. During the same time period, Philadelphia CBSA's employment growth has trailed national expansion by an average of 60 basis points and is forecast to increase to an average annual growth rate of 0.7% through 2026. Over the decade, Philadelphia CBSA's employment grew at a lower rate compared to the nation due to weak performance from the following counties: Salem (-0.7%), Delaware (0.1%), Camden (0.1%), Bucks (0.2%), Philadelphia (0.3%) and Burlington (0.3%).

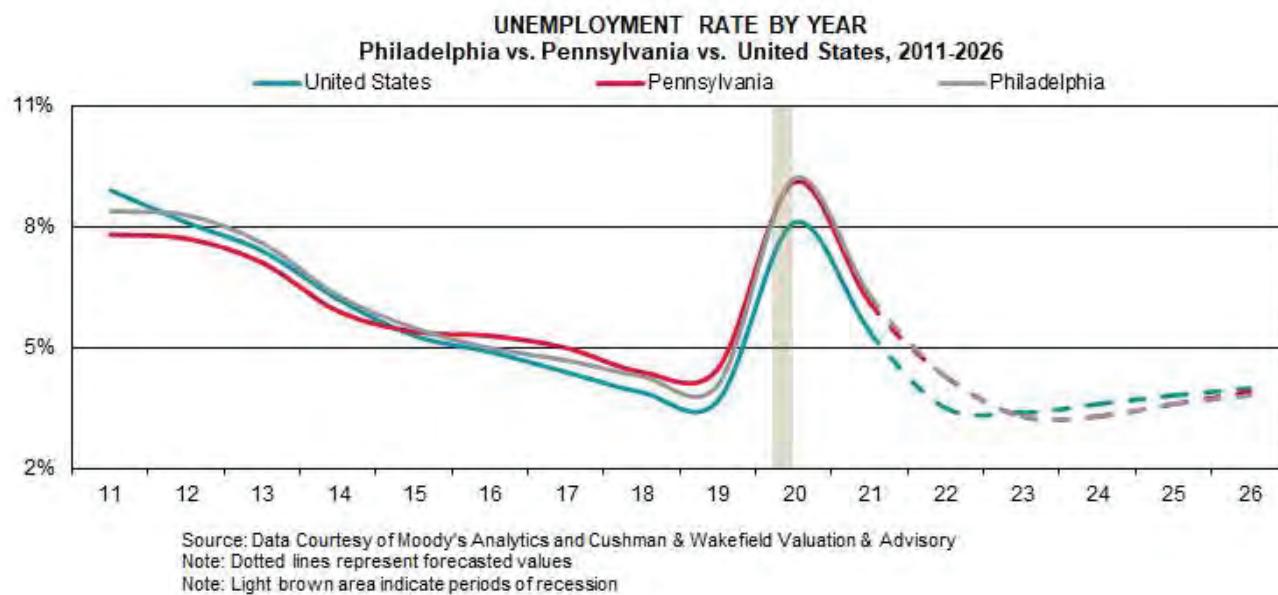
The following chart illustrates employment growth for the Philadelphia CBSA and the United States:



## Unemployment

From 2011 through 2021, Philadelphia CBSA's regional unemployment rate decreased at an average annual rate of 2.2%, compared to the nation's unemployment rate which decreased at an average annual rate of 5%. Philadelphia's unemployment rate is forecast to decrease by an average annual rate of 2.4% between 2022 and 2026. The following counties contributed to the decrease in Philadelphia CBSA's unemployment rate over the decade: Cecil (-6.7%), Salem (-4.7%), Gloucester (-3.7%), Camden (-3.5%), Burlington (-3.3%), Chester (-2.4%) and New Castle (-2.3%).

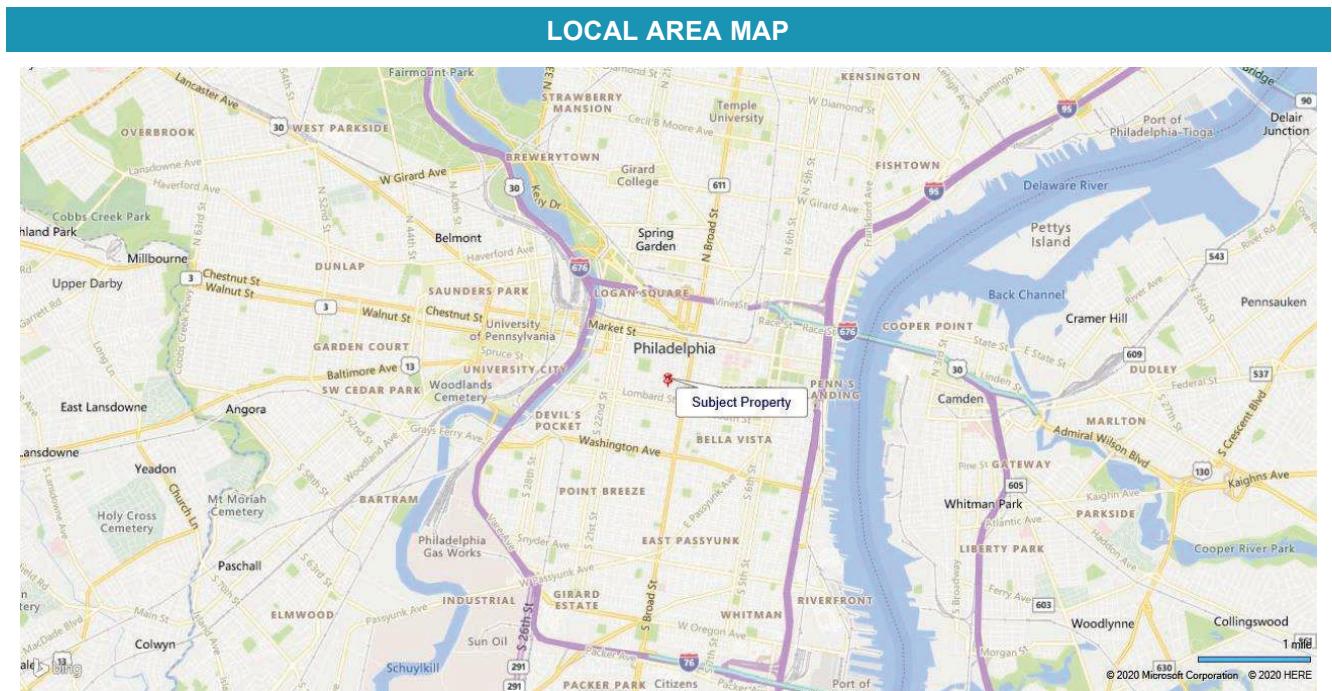
The graph below illustrates unemployment rates for the Philadelphia CBSA, the State of Pennsylvania, and the United States:



## Conclusion

The Philadelphia CBSA is experiencing a healthy economic recovery amidst current levels of market uncertainty and persistent inflation through early September 2022. The region experienced some in-migration during early 2020, as cities such as New York saw residents move to Philadelphia at the outbreak of the COVID-19 pandemic, but population growth is projected to hold steady through 2026. The development boom in the city appears to show no signs of stopping, as a significant number of multifamily, mixed-use, life sciences, and healthcare developments are expected to be completed over the next several years, supporting healthcare jobs while providing much-needed apartment space. Through the foreseeable future, the Philadelphia CBSA is likely to continue to bolster its broad live, work, play appeal while payrolls expand in its leading education & health services sector.

## Local Area Analysis



## Location Overview

The subject property is a corner lot located on the west side of South 16<sup>th</sup> Street and on the north side of Spruce Street in Center City Philadelphia. Center City, also identified as Philadelphia's Central Business District, is concentrated around City Hall and effectively comprised of four quadrants formed by the intersection of Broad Street (N/S) and Market Street (E/W). Specifically, the subject is situated one block north of City Hall, in the heart of Center City.

Center City Philadelphia is the recognized focal point of the Greater Philadelphia Metropolitan Area for business, government and cultural activities. The boundaries for Center City are generally recognized as Interstate 676 (Vine Street Expressway) to the north, Interstate 95/Delaware River to the east, South Street to the south and the Schuylkill River to the west.

The City of Philadelphia is an established and diverse area comprised of residential, retail/commercial, industrial, cultural, educational and recreational land uses with an extensive transportation infrastructure for rail, shipping, airline and automobile transportation. The City, centrally situated within the 3 division region, is considered to be the focal point of the metropolitan division and the center for education, banking, finance, government and cultural activities.

The central business district of the City is identified as Center City Philadelphia which is concentrated around City Hall at the intersection of Broad and Market Streets. Center City Philadelphia is a diverse and dynamic area which contains office, residential, retail, hotel, governmental, medical and private club uses, cultural attractions and the hub for local mass transportation.

The boundaries for Center City Philadelphia are generally recognized as Interstate 676 (Vine Street Expressway) to the north, Interstate 95/Delaware River to the east, South Street to the South and the Schuylkill River the west. Center City Philadelphia is effectively comprised of four quadrants formed by the intersection of Broad Street (N/S) and Market Street (E/W)

## Local Area Characteristics

### Nearby and Adjacent Uses

Land uses within the greater Rittenhouse Square neighborhood primarily include single family townhomes and 3-story brownstone type buildings. The land uses with direct frontage on Rittenhouse Square include 20- to 25-story pre-war (1920s) and post war (1960s) elevator apartment buildings (primarily condos) and luxury hotels. The highest residential prices are evident on Rittenhouse Square. Private clubs, private schools, and cultural attractions are interspersed throughout the immediate area. For the most part, the immediate area comprises low- to mid-rise commercial buildings, typically with street-level retail and office/residential above.

### Philadelphia Central Business District

Local, regional and national retailers have an extensive presence within Center City Philadelphia along with 550+ restaurants, bars and night clubs. Retail trade is evident on both the north/south and east/west running streets of Center City. Walnut Street, between South Broad Street and Rittenhouse Square, is considered to be the most desirable retail location within Center City.

Further, extensive retail activity has been occurring along East Market and Chestnut Streets, between Independence Mall and Front Streets, and along Chestnut Street, between South 16th and 20th Streets. The former

retail block known as Girard Square located at 11th and Market Streets was demolished and groundbreaking began in October of 2014. The site is to be developed with a multi-phase project to include a 17-story residential and retail tower with underground parking as well as renovation of an existing office building, most recently utilized for administrative courts, for retail and residential use.

Retail activity within the east side has been occurring due to the sustained growth in the residential population and the renewed growth in tourism with the development of the National Constitution Center. Center City also contains many cultural attractions which attract tourists throughout the year. These cultural attractions include Independence Hall, the Liberty Bell, the United States Mint, the Franklin Institute, the Academy of Natural Sciences and the Philadelphia Museum of Art, amongst others. The cultural attractions are further detailed within the Center City lodging analysis presented later in the report.

In addition, the state-of-the-art Regional Performing Arts Center opened in 2001. Located at the northwest corner of Broad and Spruce Streets, it contains a 2,500-seat concert hall and a 650-seat recital theater. It is home to seven resident companies, which include American Theater Arts for Youth, Concerto Soloists Chamber Music Society, Opera Company of Philadelphia, Pennsylvania Ballet, Philadanco, Philadelphia Orchestra and the Philadelphia Chamber Music Society.

Center City and the immediately surrounding areas of Philadelphia also contain numerous colleges and universities which include: Art Institute of Philadelphia, the University of the Arts, the University of the Sciences, Thomas Jefferson University, the University of Pennsylvania, Drexel/Hahnemann University, Temple University, St. Joseph's University, Lincoln University and Philadelphia University (formerly known as Philadelphia Textile).

## Public Utilities and Services

All necessary utilities, including water and sewer, are available to the market area. These utilities are provided at a quality and cost considered consistent with nearby competing areas. The local area is also adequately served by public/private schools, and police and fire protection.

## Special Hazards or Adverse Influences

We observed no detrimental influences in the local market area, such as landfills, flood areas, noisy or air polluting industrial plants, or chemical factories.

## Access

Local area accessibility is considered good, relying on the following transportation arteries:

Regional Access: Interstate 676 (I-676) is a 6.9-mile highway that serves as a major thoroughfare for Philadelphia, where it is known as the Vine Street Expressway. Its western terminus is at Interstate 76 in Philadelphia near the Philadelphia Museum of Art while its southern terminus ends in Gloucester City, New Jersey near the Walt Whitman Bridge. Interstate 76 (I-76) is a 434.9-mile route that runs across the State of Pennsylvania passing near Pittsburgh and Harrisburg before leaving the Pennsylvania Turnpike to enter Philadelphia. After the I-76 reaches its eastern terminus, it is directed to the highway that leads towards Atlantic City. The Philadelphia International Airport is accessible via Interstate 95, the main highway on the east coast which parallels the Atlantic Ocean from Maine to Florida and

serves some of the most populated urban areas in the country, including Boston, New York City, Providence, Philadelphia, Washington, D.C. and Miami.

**Local Area / Direct Access:** Broad Street is the City's primarily north / south corridor. The Philadelphia City Hall sits at the intersection of Broad Street and Market Street; this monument also marks the heart of the city's Central Business District. Broad Street is also known as the Avenue of the Arts (south of City Hall) where numerous art galleries, the Academy of Music and Kimmel Center are situated. Arch Street runs east/west and traverses the center of the Central Business District to the north of Market Street, a major thoroughfare in Downtown Philadelphia. Market Street is the City's primary east / west corridor, providing access east to the Ben Franklin Bridge and west to I-676 / I-76.

Philadelphia has a well-developed public transportation system that includes subway, commuter rail, and bus systems throughout the metropolitan area. The subject is within walking distance to all public transportation, given its proximity to City Hall, Suburban Station and Market East Station (Jefferson Station), which provides access to SEPTA for all regional rail services. Philadelphia's 30th Street Amtrak Train Station is less than one mile to the west of the subject via Market Street. Philadelphia International Airport is located approximately 10 miles from the subject, in the southern most portion of the City.

## Local Area Analysis Conclusion

The subject benefits from an excellent location in Center City Philadelphia. Overall, the trend of the Center City is positive with a growing middle to upper middle income residential population, the recent expansion of the convention center, the development of supporting hotels, apartments, and retail establishments. Our view of the Center City district is positive over the long term.

## Apartment Market Analysis

### Overview

A variety of factors influence the performance of a property in the market. In this section we provide an in-depth analysis of both the market in which the subject property competes and its position within that market.

- We begin our analysis with a discussion of current market statistics such as supply, absorption, vacancy, effective rental rates and new and proposed construction.
- Next we provide analysis of competing local properties to determine the competitive inventory, occupancy rates, rent levels and concessions that might impact the market.
- We finish our analysis with an examination of the underlying demographic indices. Comparisons are made to larger study areas such as the CBSA, state and U.S. as a whole in order to place the historical and prospective performance of the subject trade area in context.

## National Apartment Market Analysis

### Introduction

#### Overview

The recession that began in March 2020, triggered by the COVID-19 pandemic, was short and steep. In the second quarter of 2020, real (inflation-adjusted) gross domestic product (GDP) collapsed at a record 31.4% annual pace, only to bounce back at a record 33.4% annual rate in the third quarter. In the final quarter of 2020, the pace of recovery had slowed substantially as the pandemic worsened again, and for year-end 2020 the GDP remained 2.5% below its peak in fourth quarter of 2019. For fourth quarter 2021, economic activity increased at an annual rate of 6.9%. For the year, GDP increased 5.7%, sitting above the GDP decline of 3.4% in 2020, as the COVID-19 situation improved behind increased vaccinations, reopening of businesses and less restrictive policies across the U.S. For the first quarter of 2022, third estimates from the Bureau of Economic Analysis show an annual 1.6% decline in GDP. Driving much of this slowdown were concerns about the Omicron variant, which resulted in additional restrictions and disruptions to businesses in some parts of the country. Government assistance payments declined as federal programs expired or benefits tapered off. Further, the national economy has been impacted by the continued conflict in Ukraine, which has impacted the import and export markets globally.

According to the Census Bureau for Housing Data, more households were headed by renters in 2017—36.6%—than at any other point since 1965. This percentage shrank over the last five years, but rising house prices in 2020 forced many would-be buyers to remain in place, elevating the share of households headed by renters. House prices remain elevated at mid-year 2022, forcing additional individuals and families, especially young adults, into the apartment market. During 2020, renters were more likely than existing homeowners to buy homes, with many shifting into homeownership through the late summer and early fall. However, at mid-year 2022, home builder confidence in the market has plunged to a two-year low, the National Association of Homebuilders reports, one sign that the housing market is due for a correction after sharp incline in pandemic-era home buying.

The biggest concern for the industry is supply, as completions have outpaced demand in three of the past five years and the industry is expected to see more supply over absorption through 2025 with modest gains expected in 2026, according to estimates from Reis, Inc. Despite this worry, favorable demographic trends and an improving employment picture continue to largely benefit the rental sector. Strong demand for the apartment market will maintain its recent gains for the foreseeable future and the apartment sector still remains the most heavily

transacted sector in the U.S. Even still, apartment property prices are rising and outpacing all other property types, except for the industrial sector, in terms of price growth during the year.

## Macro Trends

The economy continues to recover and evolve from the impacts of the COVID-19 pandemic and the economic crisis that followed. Right now, the Russian invasion of Ukraine, high inflation, the Federal Reserve's interest rate hikes, and continuing supply chain issues are further compounding market volatility. With this, it is important to take in mind that data lags, and industry participants are still trying to accurately determine some of the effects these events will, or have had, on the commercial real estate market. In other sections of the report, we will discuss these effects and impacts on the immediate market and subject property in as much detail as possible. For this national apartment market analysis section of the report, we ask that you keep in mind that some macro trends may not affect the subject property directly.

Therefore, we ask that you consider the following points:

- The global pandemic has affected the national apartment market, and for many quarters, landlords and renters were concerned where rental payments would come from. Through year-end 2021, the National Multifamily Housing Council (NMHC) tracked the percentage of renters making full or partial rental payments. NMHC discontinued this benchmark after nearly two years of tracking as month-to-month data indicated stability in the multifamily industry.
- The Federal Housing Finance Agency moved to protect multifamily owners and tenants in response to the novel coronavirus. Apartment landlords with government-backed mortgages can avoid foreclosure if they do not evict tenants, and the order applies to Fannie Mae and Freddie Mac mortgage companies, which will extend mortgage forbearance to any landlord negatively affected by the coronavirus national emergency. Several states and local governments have put temporary eviction moratoriums in place during the pandemic. Additionally, the Biden administration announced a new federal moratorium on evictions on August 3 in a move to extend protections for tenants who have fallen behind on rent due to the pandemic. However, the Supreme Court rejected the moratorium, placing hundreds of thousands of tenants at risk after August 26, 2021. Many states and localities, however, had enacted eviction moratorium rulings of their own, many of which have been extended into third quarter 2022.
- The United States' coronavirus multifamily loan forbearance programs has seen the number of borrowers looking for support continue to increase. Fannie Mae and Freddie Mac have created three additional forbearance options to assist multifamily borrowers during the COVID-19 pandemic. While some changes to the programs have been made in recent quarters, Fannie Mae reports that as of October 2021, the forbearance program has been extended indefinitely to provide continued support to property owners.

## National Apartment Market Statistics

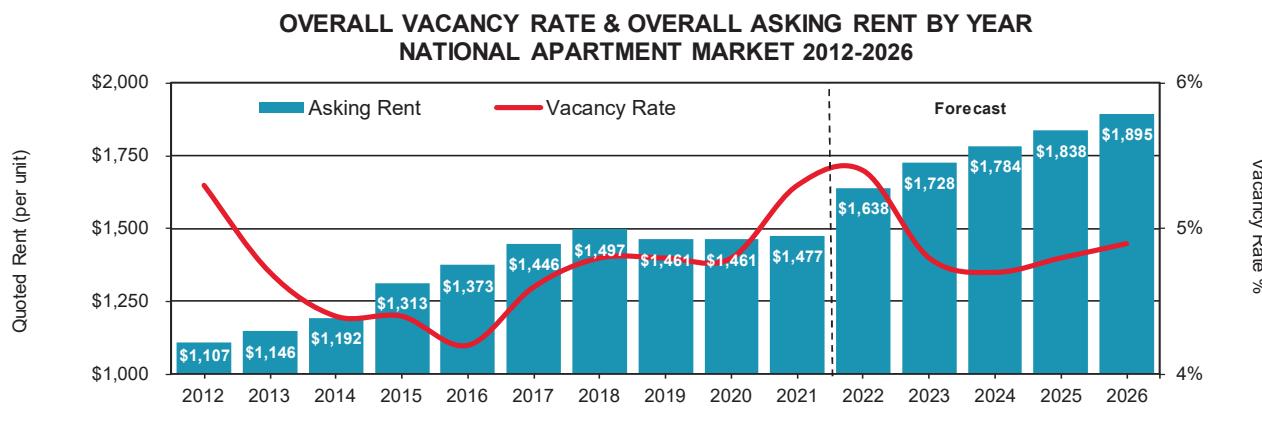
### Vacancy and Asking Rent

Strong absorption levels since 2010 resulted in a drop in overall vacancy rates, a trend that continued in the following years. Occupancy levels caused developers to add large quantities of supply to the market over recent years. As completions surpassed net absorption for the sixth consecutive year in 2020, the market's vacancy rate rose six basis points year-over-year, to 5.3% at year-end 2020. Many feared that rent growth would suffer as a consequence of apartment volume and increasing vacancy rates, but this has not been the case. Between 2015 and 2019, average asking rates increased by 18.7%. Additionally, the COVID-19 pandemic affected tenant demand as prospective tenants moved out of cities and postponed moving into apartments during the pandemic.

Through first quarter 2022 (latest data available), 32,503 units were absorbed, ahead of the 17,296 units that were completed during the quarter. In first quarter 2022, overall net absorption was down in total units, but the absorption to completions ratio improved, as more units were completed than absorbed 12 months prior, according to data from Reis, Inc. Net absorption is projected to observe a general slowdown through 2026. The five-year average from 2017 through 2021 saw 233,700 units absorbed annually, while the five-year annual absorption average from 2022 through 2026 is projected at 148,650 units per year.

In first quarter 2022, the market's average asking rents, at \$1,679 per unit, have increased 15% in a year-over-year comparison as prices climbed through the end of the year. Going forward, Reis, Inc. anticipates that the apartments market's vacancy rate will slightly fluctuate over the next five years, due to high levels of supply. Furthermore, Reis, Inc. projects that the average asking rent to rise to \$1,895 per unit in 2026, representing an increase of 19.6% from year-end 2021.

The following graph displays historical and projected vacancy and asking rent between 2012 and 2026:



## National Apartment Investment Sales Market

### Overall Capitalization Rates

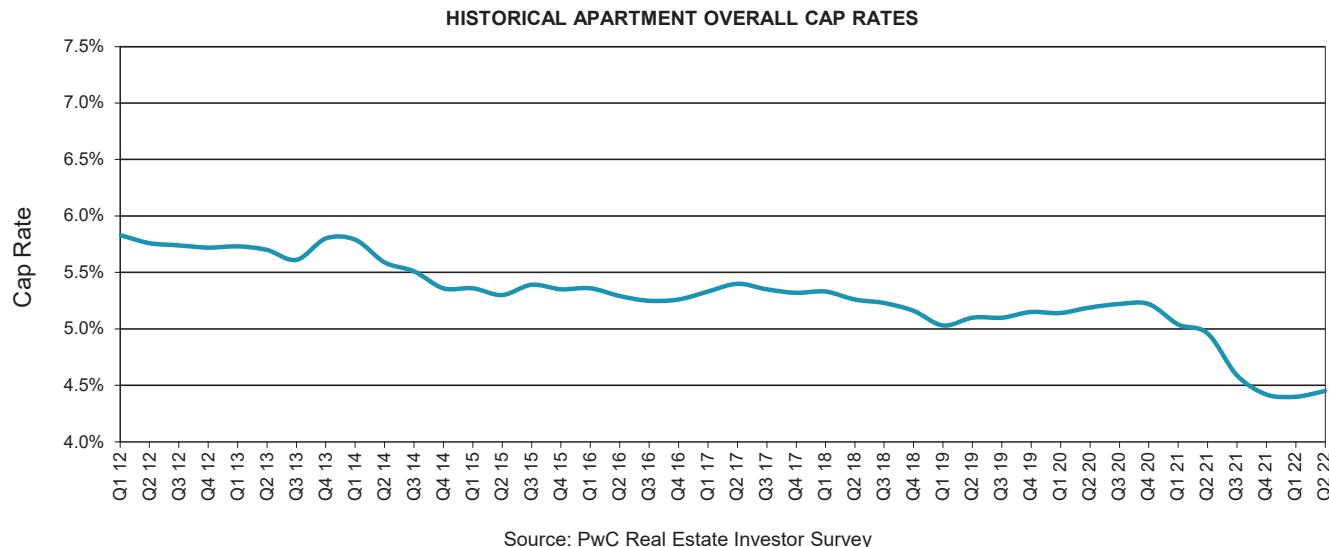
Both the PriceWaterhouse Coopers (PwC) Real Estate Investor Survey and the National Council of Real Estate Investment Fiduciaries (NCREIF) methodologies offer unique perspectives on capitalization rate trends. The PwC Real Estate Investor Survey calculates its data based on a personal survey of major institutional equity real estate market participants. In contrast, NCREIF looks at data from appraisals included in their benchmark property return index. The index contains quarterly performance data for unlevered investment-grade income-producing properties, which are owned by, or on behalf of, exempt institutions.

The PwC Real Estate Investor Survey and NCREIF data demonstrates how capitalization rates (OAR) soar during an economic downturn. The risk associated with apartment buildings in 2009 pushed the OAR to 8%, according to PwC. In second quarter 2022, the PwC Investor Survey reported the average capitalization rate for apartment properties, at 4.45%, increased five basis points above the average cap rate recorded in the previous quarter, after falling 51 basis points from second quarter 2022. 60% of the surveyed investors noted that current market conditions favor sellers, while 40% believe market conditions favor neither buyers nor sellers. Additionally, investors believe rising home prices will keep the renters in apartments and drive market fundamentals over the near term.

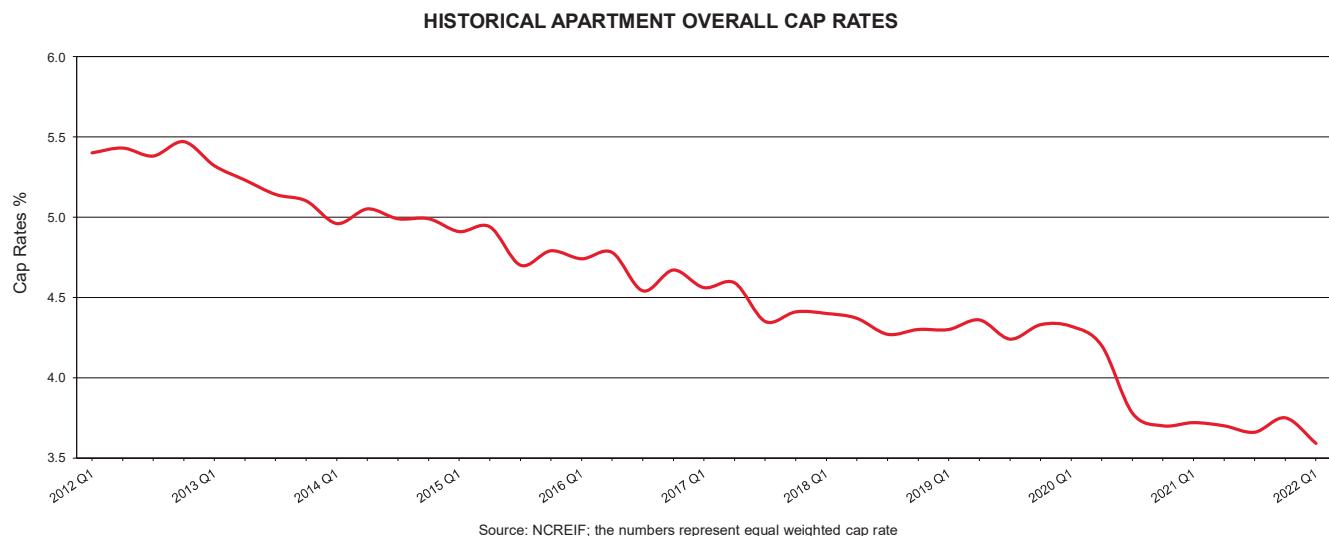
According to NCREIF, the overall capitalization rate, at 3.59% in first quarter 2022, dropped 16 basis points from the previous quarter and fell 13 basis points from the year prior. Despite displaying distinct rates, similar trends are

usually evident in both the PwC Real Estate Investor Survey and NCREIF data. Even with the difference in the quarterly data, both surveys suggest that capitalization rates are well below what they were 10 years ago. This emphasizes investors' positive sentiment toward the apartment market.

The following graph reflects historical trends for national apartment market OARs, per PwC:



The following graph reflects national historical cap rate trends as reported by NCREIF:



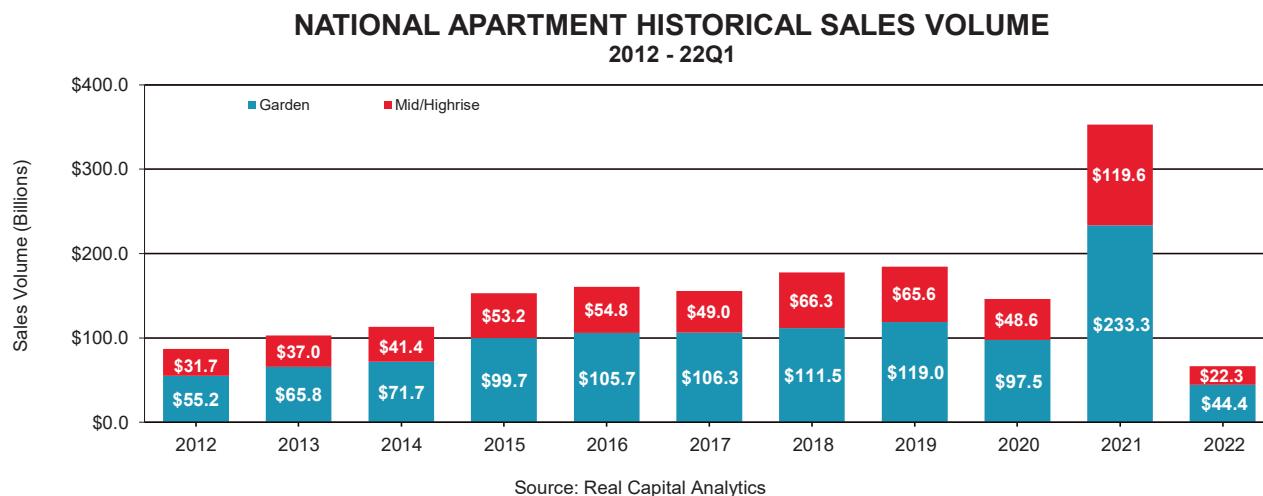
## Sales Volume

Total apartment sales volume returned to prerecession levels in 2013 and grew through 2016, when sales volume set a new high. In 2017, sales volume for the national apartment market declined on an annual basis for the first time since the economic expansion began. A total of roughly 8,000 properties transferred for \$153.9 billion, representing a 3.5% drop on an annual basis. Investors were mindful of the recent interest rate increases and aware that further potential hikes were on the horizon.

In first quarter 2022, sales volume in the apartment sector totaled approximately \$66.7 billion, increasing by \$26.2 billion in a year-over-year sales comparison. According to Real Capital Analytics, mid/high-rise transactions rose \$10.5 billion from first quarter 2021. Furthermore, garden-style apartment community's transactions are up by \$15.7 billion in a year-over-year comparison.

Through first quarter 2022, apartment volume significantly increased by 65% in a year-over-year comparison as the apartment sector saw transaction volume exceed the previous five-year first quarter average of \$37 billion, according to Real Capital Analytics. In the first quarter, the non-major metros continue to outperform the major metros in transaction volume, with roughly \$49.9 billion in activity. Major metro transaction volume totaled approximately \$16.8 billion over the same frame.

The following graph reflects national apartment historical sales volume for both garden and mid/high-rise properties from 2012 through first quarter 2022, as surveyed by RCA:

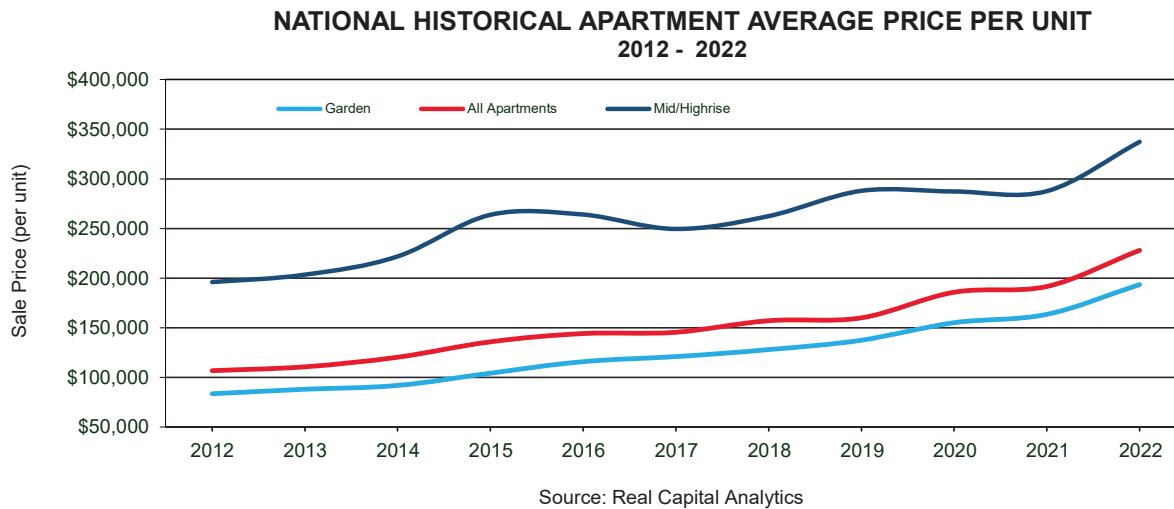


## Average Sales Price per Unit

The average price per unit has steadily increased over the past few years. As the market recovered, the value of the average apartment appreciated; however, a portion of apartment units that were sold following the financial crash were distressed assets, limiting price growth. Over the last five years, there has been a decline in distressed assets that are available for purchase. This has led to escalating prices alongside an increasingly strong appreciation for mid- and high-rise properties in primary and secondary markets.

In first quarter 2022, the price per unit for garden properties was \$193,552 and the mid/high-rise price per unit weighted average of \$337,399 during the same time period. At the end of the quarter, the average price per unit for all apartments, at \$228,116, increased by 32% in a year-over-year comparison. The average price per unit in the six major metro markets sits at \$345,300 per unit while the non-major metro markets average price per unit comes in at \$208,517 per unit.

The following graph reflects the national apartment's weighted historical averages for price per unit as surveyed by RCA:



## The Moody's/RCA Commercial Property Index

The Moody's/RCA Commercial Property Price Index (CPPI) is an advanced repeat-sale regression analytic used to measure price changes in U.S. commercial real estate. The analysis allows for a timely and accurate picture of U.S. commercial property price trends. The Index uses transaction data sourced from Real Capital Analytics (RCA) and a methodology developed by a team headed by MIT Professor David Geltner working in conjunction with Moody's and RCA.

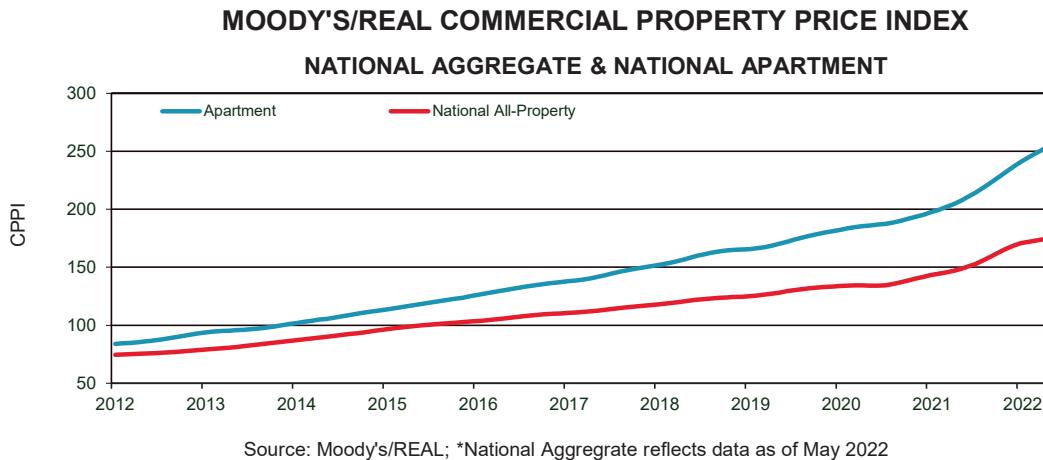
Several characteristics qualify property sales data for inclusion in the CPPI:

- The minimum value of a sale for inclusion is \$2.5 million.
- Each sale must be a valid arms-length transaction. Foreclosures and other non-market transactions are excluded.
- A minimum of 12 months between sales is necessary to control against "flips."
- Neither of the sales in a pair can represent a material change in property use or size.

A transaction is excluded if the annualized return is less than negative 50% or greater than 50%. This restricts the inclusion of erroneous reports, major rehab projects, and partial sales or otherwise flawed data.

The national index for all properties as of May 2022 was 176.2, an increase of 18.6% from May 2021. The apartment CPPI has increased by 23.3% to 255.6 in a year-over-year comparison.

The following graph displays the Commercial Property Price Index from 2012 through May 2022:



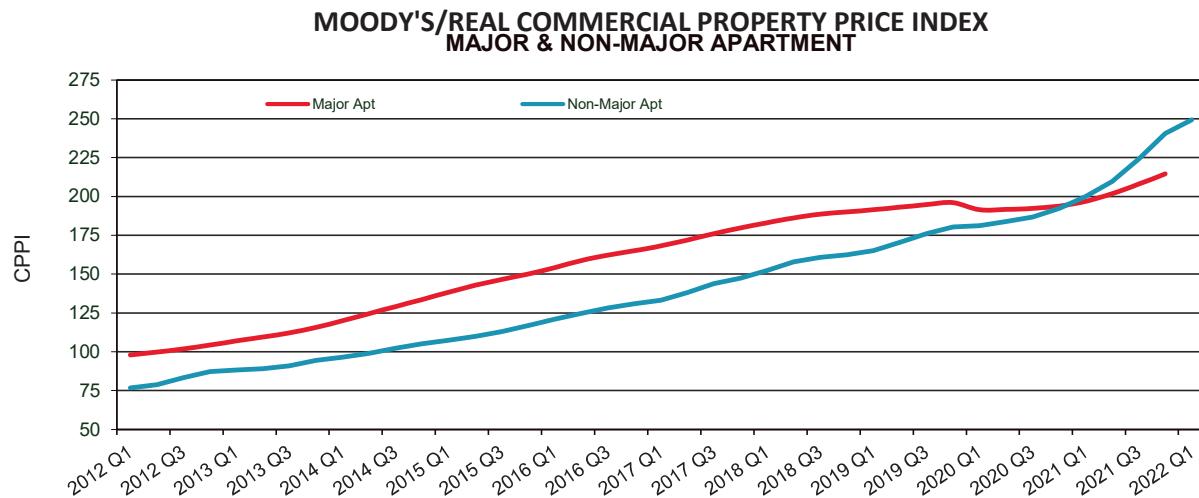
## Major and Non-Major Apartment Property Index

Moody's major markets include the six metropolitan areas of Boston; Chicago; Los Angeles; New York; San Francisco; and Washington D.C., which are often referred to as gateway markets. These markets reflect significant differences in liquidity, when compared to other markets in the United States, as they attract capital from global investors and account for more than half of the U.S. total sales volume. Therefore, apartment properties located in one of the six major markets usually have a higher CPPI value than that of non-major markets.

The CPPI value for apartment properties in major markets reached its previous cyclical peak, at 112.5, in December of 2007, and only declined 19.5% to its trough of 90.6 in December 2009. Since then, the CPPI value for major market apartment buildings has not only recovered, but significantly surpassed the value lost during the economic recession. As of first quarter 2022, the CPPI value for apartment buildings in major markets reached 219.4, representing an 111.3% increase over its previous cyclical peak.

The CPPI value for non-major apartment complexes reached its peak of 103.2 in June 2007, only to decline 37.9% to a trough of 64.1 in early 2010. Naturally, price appreciation started off slow in non-major markets as investors focused on the aforementioned gateway markets. However, apartment properties in non-major markets have surpassed their previous high value by 141.5%, with an index value at 249.4 as of first quarter 2022.

The following graph displays the Commercial Property Price Index for major and non-major markets over the last decade:



Source: Moody's/REAL; \*National Aggregate reflects data from 2012 through first quarter 2022

## National Apartment Market Summary

The national apartment market has suffered through the ongoing COVID-19 pandemic but showed signs of improvement in 2021 as the recovery from the pandemic helped drive market conditions. This positive trajectory continued through early 2022, as transaction volume continued to climb, driven by activity in secondary markets. Transaction volume in the national apartment sector is up 65% when compared to first quarter 2021. Given current market conditions, owners are more likely to sell than they were a year ago and the cap rates have remained under 5% for the last year, according to the PwC Real Estate Investor Survey. Further, investors predict cap rates will hold steady in this sector through year-end 2022.

However, threats resulting from the COVID-19 pandemic linger, with additional variants a concern for the national economy, which is also impacted by inflation and the ongoing conflict in Ukraine. Additionally, the eviction moratorium that was put in place in 2020 by the CDC has ended. The federal rental protections put in place to combat the spread of COVID-19 are over, putting millions of people at risk of eviction. The uncertainty surrounding the coronavirus has caused landlords and renters financial strain throughout the pandemic and evictions are expected to rise, but states like California and Illinois have extended their state eviction moratoriums to protect tenants while they search for additional financial support. While landlords are pleased that the federal eviction moratorium is over, renters will face a challenge as the COVID-19 pandemic continues to affect the U.S. through the near term.

Following are notes regarding the outlook for the U.S. national apartment market:

- Construction levels pose localized risk in several markets that have ramped up development. The number of new developments breaking ground and coming to market will increase in the next year and likely surpass the rate at which units can be absorbed, particularly in metros with a high concentration of new, expensive infill product.
- Home ownership level concerns could arise if the millennial generation trend toward houses in the suburbs rather than walkable urban areas. It is worth noting that this generation grew up in the middle of the housing bust, which may have affected a general view of home ownership. The lack of inventory will continue rising home prices and cause more competition in the housing market. With elevated prices, the share of first-time buyers in 2021 was 34%, below the ten-year high of 39% in 2012.

- Mortgage rates reached historic lows in 2020-2021 and it is worth noting that renters and homeowners took advantage of the low rates. At the beginning of 2021, the average rate for a 30-year fixed-rate mortgage was 2.7% but climbed through the end of the year. Additionally, the Federal Reserve on June 15, 2022, lifted interest rates by 0.75 percentage points, the third in 2022 and the largest since 1994.
- Overall, the national apartment market remains healthy, underscored by steady absorption and stabilized rent growth. Oversupply could result in slower rent growth over the next five years; however, demand will continue, and rent is expected to increase 19.6% between 2021 and 2026, according to Reis, Inc. To summarize, the apartment market should remain one of the top choices for investors.

## Philadelphia Apartment Market Overview

### Introduction

Data for the analysis of the Philadelphia Apartment market is provided by Reis, Inc., a leading provider of multifamily and commercial real estate market information since 1980. Their proprietary database includes trends, forecasts, news and analyses for approximately 200,000 multifamily and commercial properties in 232 metropolitan markets (4 property types multiplied by 58 metropolitan areas) and roughly 2,500 submarkets.

Current and historical figures are compiled by highly qualified industry analysts. Surveyors, as they are called, are responsible for gathering information on property availabilities, rents and lease terms, etc. by directly contacting owners, managers and leasing agents. Projected data is calculated using a suite of economic forecasting models developed by The Economic Research Group, a team led by Ph.D. economists.

Reis' data are released on a quarterly basis, and is widely recognized as a fundamental tool for appraisers throughout the country.

### Submarket Snapshot

As of second quarter 2022 the Philadelphia Apartment market contains 237,832 rental units in 1,384 buildings, located in twenty-eight submarkets. The subject's submarket represents 11.0 percent of the total inventory in the broader market.

The following table presents the geographic distribution of inventory in the area, along with other statistical information for the most recent quarter.

Geographic Distribution of Inventory						
Submarket	No. Bldgs	Inventory (Units)	% Total	Vacancy Rate (%)	Free Rent (Months)	Asking Rent (\$/Month)
Center City	153	26,276	11.0%	6.6	0.9	\$2,717
North/Frankford/Holmesburg	40	4,279	1.8%	5.5	0.4	\$1,271
West Philadelphia	74	8,845	3.7%	9.0	0.6	\$2,153
Roxboro/Chestnut Hill	37	4,914	2.1%	4.1	0.4	\$1,466
Germantown	63	7,178	3.0%	3.6	0.3	\$1,251
Olney/Oak Lane	25	2,870	1.2%	2.6	0.1	\$1,100
Foxchase/Lawndale	35	4,305	1.8%	2.4	0.0	\$1,037
Somerton/Bustleton	35	4,861	2.0%	1.2	0.1	\$1,062
Torresdale/Bensalem	64	12,167	5.1%	2.1	0.3	\$1,284
Upper Bucks County	53	9,083	3.8%	3.2	0.3	\$1,499
Lower Bucks County	34	8,237	3.5%	2.1	0.1	\$1,453
Upper/Lower Merion	52	9,525	4.0%	5.4	0.8	\$1,938
Norristown/Plymouth/Norriton	52	9,166	3.9%	4.4	0.5	\$1,884
Abington/Upper Dublin	48	9,995	4.2%	4.2	0.3	\$1,850
Lansdale/Gwynedd	31	6,486	2.7%	3.1	0.4	\$1,745
Gloucester County	32	7,789	3.3%	3.6	0.1	\$1,357
Burlington County	32	5,944	2.5%	4.3	0.5	\$1,268
Moorestown/Maple Shade/Mt. Laurel	33	10,093	4.2%	3.2	0.3	\$1,604
Camden West	75	17,742	7.5%	2.6	0.3	\$1,387
Camden	30	5,970	2.5%	3.2	0.4	\$1,439
Cherry Hill/Evesham/Medford	34	7,711	3.2%	2.0	0.3	\$1,806
Central Chester	64	12,046	5.1%	4.6	0.4	\$1,968
Ne Chester/Upper Montgomery County	72	10,736	4.5%	3.1	0.4	\$1,622
West Chester	30	4,790	2.0%	2.3	0.3	\$1,466
North Delaware County	32	4,125	1.7%	5.5	0.5	\$1,666
East Delaware County	79	11,057	4.6%	1.9	0.1	\$1,016
West Delaware County	39	5,682	2.4%	2.8	0.5	\$1,423
Bala-Cynwyd	36	5,960	2.5%	8.9	0.4	\$1,870
<b>Market Total</b>	<b>1,384</b>	<b>237,832</b>	<b>100.0%</b>	<b>4.0</b>	<b>0.4</b>	<b>\$1,676</b>

Source:

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As of second quarter 2022, the overall vacancy rate for the region was 4.0 percent, while the subject's Center City submarket has a current vacancy rate of 6.6 percent.

The average quoted rental rate for all types of space within the region is \$1,676 per month, while the subject's Center City submarket has an average asking rental rate of \$2,717 per month. Rent concessions, which are not widely prevalent within the market and range from 0.0 to 0.9 months.

## Supply Analysis

### Vacancy Rates

The vacancy rate for the Philadelphia region currently stands at 4.0 percent for second quarter 2022, which is down from year-end 2021 when vacancy was 4.1 percent. Reis projects that vacancy rates will increase over the near term from an average of 4.1 percent in 2022 to 4.3 percent in 2026.

The subject submarket is underperforming the market as a whole, with a current vacancy rate of 6.6 percent. Vacancy rates are projected to increase over the next few years from 6.6 percent in 2022 to 7.0 percent in 2026.

The following table presents historical vacancy for the region and subject submarket.

Year	Philadelphia			Center City		
	Class A	Class B/C	Total	Class A	Class B/C	Total
2017	5.4	2.6	4.1	9.0	4.8	7.8
2018	5.3	3.1	4.3	8.8	9.2	8.9
2019	4.8	3.0	4.0	5.4	7.6	6.0
2020	6.1	3.2	4.8	7.6	6.8	7.4
2021	5.1	2.8	4.1	7.4	6.8	7.2
2Q22	5.1	2.6	4.0	6.9	5.7	6.6
2022	---	---	4.1	---	---	6.6
2023	---	---	4.1	---	---	6.7
2024	---	---	4.1	---	---	6.8
2025	---	---	4.3	---	---	7.3
2026	---	---	4.3	---	---	7.0

Source: Reis, Inc.

Note: Reis does not differentiate between space that is available directly from the landlord or as a sublease. Any space that is available immediately for leasing (i.e. within 30 days) is considered vacant by Reis' standards.

As shown, Class A properties within the region are experiencing higher vacancies than the market as a whole at 5.1 percent, and Class B/C properties are experiencing lower vacancies of 2.6 percent. Within the Center City submarket, Class A properties are experiencing higher vacancies than Class B/C properties.

### Construction Completions

The Philadelphia Apartment market experienced a total of 23,963 units completed between 2017 and 2021 or an average of 4,793 units per year. Over the next five years, Reis projects that an additional 14,195 units will be added to the Philadelphia market.

Between 2017 and 2021, the Center City submarket experienced new construction of 6,837 units, or an average of 1,367 units per year. This accounts for approximately 28.5 percent of the region's total completions. Over the next five years, Reis projects that an additional 6,023 units will be added to the Philadelphia submarket.

The following table presents historical inventory for the region and subject submarket, as well as future projections.

Historical & Projected Inventory (Units)						
Year	Philadelphia		Center City			
	Inventory	Completions	Inventory	Completions	% Total	
2017	218,713	5,307	20,434	995	18.7%	
2018	224,040	5,327	23,461	3,027	56.8%	
2019	227,905	3,865	24,309	848	21.9%	
2020	232,658	4,753	24,847	538	11.3%	
2021	237,369	4,711	26,276	1,429	30.3%	
2Q22	237,832	0	26,276	0	0.0%	
2022	240,437	3,068	27,429	1,153	37.6%	
2023	244,101	3,664	29,048	1,619	44.2%	
2024	246,798	2,697	30,633	1,585	58.8%	
2025	249,422	2,624	31,509	876	33.4%	
2026	251,564	2,142	32,299	790	36.9%	
<b>2017-2021</b>						
<b>Total Completions</b>		<b>23,963</b>			<b>6,837</b>	<b>28.5%</b>
<b>Annual Average</b>		<b>4,793</b>			<b>1,367</b>	

Source: Reis, Inc.

## Rental Rates

As shown in the following chart, average asking rents for the region have been trending upward, from an average of \$1,314 per month in 2017 to an average of \$1,605 per month in 2021, indicating a compound average growth rate (CAGR) of 5.1 percent. As of second quarter 2022, average asking rents increased to \$1,676 per month. Over the past few years, concessions have been declining and currently stand at 3.8 percent of face rents. Over the next five years, average asking rents are expected to increase from \$1,704 per month in 2022 to \$1,934 per month in 2026.

Average asking rental rates in the Center City submarket ranged from an average of \$2,224 per month in 2017 to an average of \$2,569 per month in 2021, demonstrating a CAGR of 3.7 percent. As of second quarter 2022, average rents increased to \$2,717 per month. Over the next five years, average asking rents are projected to increase from \$2,794 per month in 2022 to \$3,335 per month in 2026. Concessions currently stand at 7.2 percent of face rents.

The following table presents historical and projected average asking rental rates for the region and submarket.

Year	Philadelphia							Center City						
	Asking Rent \$/Month			Eff Rent	% Change	Concessions % Face Rent	Asking Rent \$/Month			Eff Rent	% Change	Concessions % Face Rent		
	Class A	Class B/C	Total				Class A	Class B/C	Total					
2017	\$1,577	\$1,018	\$1,314	\$1,268	2.8	3.5	\$2,484	\$1,576	\$2,224	\$2,055	-2.8	7.6		
2018	\$1,645	\$1,078	\$1,382	\$1,321	4.2	4.4	\$2,564	\$1,924	\$2,388	\$2,164	5.3	9.4		
2019	\$1,698	\$1,115	\$1,432	\$1,368	3.6	4.5	\$2,580	\$1,979	\$2,420	\$2,195	1.5	9.3		
2020	\$1,707	\$1,120	\$1,444	\$1,382	1.0	4.3	\$2,514	\$1,893	\$2,353	\$2,138	-2.6	9.1		
2021	\$1,883	\$1,248	\$1,605	\$1,544	11.7	3.8	\$2,753	\$2,004	\$2,569	\$2,384	11.5	7.2		
2Q22	\$1,974	\$1,292	\$1,676	\$1,612	3.2	3.8	\$2,935	\$2,050	\$2,717	\$2,521	4.7	7.2		
2022	---	---	\$1,704	\$1,635	5.9	4.0	---	---	\$2,794	\$2,558	7.3	8.4		
2023	---	---	\$1,756	\$1,684	3.0	4.1	---	---	\$2,917	\$2,703	5.6	7.3		
2024	---	---	\$1,809	\$1,730	2.7	4.4	---	---	\$3,038	\$2,804	3.8	7.7		
2025	---	---	\$1,869	\$1,786	3.2	4.4	---	---	\$3,178	\$2,945	5.0	7.3		
2026	---	---	\$1,934	\$1,851	3.6	4.3	---	---	\$3,335	\$3,103	5.4	7.0		
<b>CAGR</b>	<b>4.53%</b>	<b>5.22%</b>	<b>5.13%</b>	<b>5.05%</b>			<b>2.60%</b>	<b>6.19%</b>	<b>3.67%</b>	<b>3.78%</b>				

## Absorption

Over the past few years, new construction within the region has outpaced absorption levels. As shown in the following table, an annual average of 23,963 new units were completed in the Philadelphia region between 2017 and 2021, while 22,356 new units were absorbed. As of second quarter 2022, no new units were completed, while

78 new units were absorbed. This resulted in a decline in vacancy from 4.1 percent in 2021 to the current vacancy rate of 4.0 percent. Over the next five years, Reis projects that construction figures will outpace absorption (new construction will total 14,195 units, and absorption will total 13,059 units).

New construction within the Center City submarket has trailed absorption levels, resulting in decreased vacancy rates. Between 2017 and 2021, a total of 6,837 new units were completed, while 6,880 new units were absorbed. Over the next five years, Reis projects that 6,023 units will be added to the market, while 5,654 will be absorbed.

The following table presents historical and projected absorption levels for the region and subject submarket.

Historical and Projected Net Absorption (units)									
Year	Philadelphia				Center City				Completions
	Class A	Class B/C	Total	Completions	Class A	Class B/C	Total	Completions	
2017	4,483	(86)	4,397	5,307	1,379	(30)	1,349	995	
2018	4,259	414	4,673	5,327	2,236	298	2,534	3,027	
2019	4,113	339	4,452	3,865	1,378	103	1,481	848	
2020	2,866	(201)	2,665	4,753	104	50	154	538	
2021	5,676	493	6,169	4,711	1,362	0	1,362	1,429	
2Q22	209	(131)	78	0	15	23	38	0	
2022	---	---	2,927	3,068	---	---	1,240	1,153	
2023	---	---	3,597	3,664	---	---	1,480	1,619	
2024	---	---	2,493	2,697	---	---	1,468	1,585	
2025	---	---	1,896	2,624	---	---	660	876	
2026	---	---	2,146	2,142	---	---	806	790	
<b>2017-2021</b>									
<b>Total Absorption</b>	<b>21,397</b>	<b>959</b>	<b>22,356</b>	<b>23,963</b>	<b>6,459</b>	<b>421</b>	<b>6,880</b>	<b>6,837</b>	
<b>Annual Average</b>	<b>4,279</b>	<b>192</b>	<b>4,471</b>	<b>4,793</b>	<b>1,292</b>	<b>84</b>	<b>1,376</b>	<b>1,367</b>	

Source: Reis, Inc.

## New Construction Activity

Within the subject's submarket, 3,925 units were completed over the past few years in a total of 18 projects. There are currently 4,614 units under construction within 38 projects. An additional 8,164 units are planned within 42 projects for potential delivery in the next few years, along with 32 proposed buildings which would add another 5,860 units.

The following tables present new and proposed construction activity for the region.

Submarket New Construction Activity - Complete							
Name	Location	City	Submarket	No. Units	Status	Completion	
1300 N 2Nd St	1300 N 2Nd St	Philadelphia	Center City	320	Complete	--	--
The Poplar	900 Poplar St	Philadelphia	Center City	--	Complete	January	2021
Novo Philly	327 N 17Th St	Philadelphia	Center City	--	Complete	February	2021
The Hamilton East Building Ph 2	440 North 15th Street	Philadelphia	Center City	297	Complete	June	2021
The Magnet	1141 N Front St	Philadelphia	Center City	--	Complete	June	2021
1111 Ridge Ave.	1111 Ridge Ave	Philadelphia	Center City	18	Complete	June	2021
W/Element	1441 Chestnut St	Philadelphia	Center City	755	Complete	July	2021
Terrace On 18Th Street	1776 Benjamin Franklin Pkwy	Philadelphia	Center City	288	Complete	July	2021
Broadridge Philly	1300 Fairmount Ave	Philadelphia	Center City	487	Complete	July	2021
Corinthian Apartments	909 Corinthian Ave	Philadelphia	Center City	18	Complete	August	2021
1150 N American St.	1150 N American St	Philadelphia	Center City	--	Complete	October	2021
Ridge Pointe	1810 Ridge Ave	Philadelphia	Center City	24	Complete	November	2021
456 N 5Th St	456 N 5Th St	Philadelphia	Center City	--	Complete	December	2021
752 South 16Th Street Apartments	752 S 16Th St	Philadelphia	Center City	12	Complete	December	2021
The Block At Sono	456 N 5Th St	Philadelphia	Center City	49	Complete	December	2021
The Randolph	517-33 Poplar St	Philadelphia	Center City	40	Complete	February	2022
The Hq	710 N 16Th St	Philadelphia	Center City	30	Complete	February	2022
The Penthouse At 1801	1801 Fairmount Ave	Philadelphia	Center City	10	Complete	March	2022
Arthaus	311 S Broad St	Philadelphia	Center City	107	Complete	June	2022
Lvl North Apartments	510 N Broad St	Philadelphia	Center City	413	Complete	July	2022
2401 Washington Ave	2401 Washington Ave	Philadelphia	Center City	90	Complete	December	2022
Piazza Alta	1099 Germantown Ave	Philadelphia	Center City	695	Complete	October	2023
One Dock Street	1 Dock St	Philadelphia	Center City	272	Complete	January	2024
<b>Total Complete</b>				<b>3,925</b>			

## Submarket New Construction Activity - Under Construction

Name	Location	City	Submarket	No. Units	Status	Completion
The Views At Penn Treaty	1143 N Delaware Ave	Philadelphia	Center City	19	Under Constr.	---
2101 Washington Avenue	2101 Washington Ave	Philadelphia	Center City	247	Under Constr.	---
2601 Poplar Street	2601 Poplar St	Philadelphia	Center City	108	Under Constr.	---
2100 Hamilton Street Condos	2100 Hamilton St	Philadelphia	Center City	29	Under Constr.	---
435-43 North Broad Street	435 435-43 N Broad St	Philadelphia	Center City	---	Under Constr.	---
Callowhill Street Apartments	800 800-808 Callowhill St	Philadelphia	Center City	40	Under Constr.	---
1609 Poplar Street Apartments	1609 Poplar St	Philadelphia	Center City	21	Under Constr.	---
1200 Ridge Avenue Apartments	1200 Ridge Ave	Philadelphia	Center City	46	Under Constr.	---
Ridge Avenue Apartments	1721 Ridge Ave	Philadelphia	Center City	14	Under Constr.	---
1144 Frankford Avenue Apartment	1144 Frankford Ave	Philadelphia	Center City	12	Under Constr.	---
Cambridge Street Apartments	1309-25 Cambridge St	Philadelphia	Center City	46	Under Constr.	---
The Bordeaux	2600 W Girard Ave	Philadelphia	Center City	16	Under Constr.	---
Vine Street Apartments	1201 Vine St & Callowhill St	Philadelphia	Center City	360	Under Constr.	---
Callowhill Street Apartments	1306 Callowhill St	Philadelphia	Center City	181	Under Constr.	---
901 Leland Street Apartments	901 Leland St	Philadelphia	Center City	50	Under Constr.	---
922 North Broad Street	922 N Broad St	Philadelphia	Center City	201	Under Constr.	---
Liberty Flats	526 Brown St	Philadelphia	Center City	36	Under Constr.	---
718-24 S 2Nd St	718-24 S 2Nd St	Philadelphia	Center City	9	Under Constr.	---
214 Vine Street Apartments	214 Vine St	Philadelphia	Center City	29	Under Constr.	---
1519 Ridge Ave.	1519 Ridge Ave	Philadelphia	Center City	14	Under Constr.	---
1213 Spruce St	1213 Spruce St	Philadelphia	Center City	7	Under Constr.	---
943 - 949 Washington Avenue	943 Washington Ave	Philadelphia	Center City	24	Under Constr.	---
305 N 15Th St	305 N 15Th St	Philadelphia	Center City	---	Under Constr.	---
1024 S 8Th St	1024 S 8Th St	Philadelphia	Center City	---	Under Constr.	---
43 N 10Th St	43 N 10Th St	Philadelphia	Center City	---	Under Constr.	---
1609 Montrose St	1609 Montrose St	Philadelphia	Center City	---	Under Constr.	---
2000 Spruce St	2000 Spruce St	Philadelphia	Center City	45	Under Constr.	---
300 Christian Street	300 Christian St	Philadelphia	Center City	30	Under Constr.	---
549 N 12Th St.	549 N 12Th St.	Philadelphia	Center City	---	Under Constr.	---
1001 Buttonwood St.	1001 Buttonwood St	Philadelphia	Center City	---	Under Constr.	---
262 S 16Th St	262 S 16Th St	Philadelphia	Center City	---	Under Constr.	---
1000 Spring Garden	1000-02 Spring Garden St	Philadelphia	Center City	21	Under Constr.	---
139 North 23Rd Street	139 N 23Rd St	Philadelphia	Center City	115	Under Constr.	---
The Maven	1533 Ridge Ave	Philadelphia	Center City	28	Under Constr.	July 2022
One Cathedral Square	1701 Race St	Philadelphia	Center City	271	Under Constr.	July 2022
The Laurel Rittenhouse	1911 Walnut St	Philadelphia	Center City	245	Under Constr.	August 2022
The Beverly	1102 Germantown Ave	Philadelphia	Center City	51	Under Constr.	September 2022
Bloc24	613 S 24Th St	Philadelphia	Center City	8	Under Constr.	October 2022
North Liberty Triangle	1102 N 2Nd St	Philadelphia	Center City	84	Under Constr.	October 2022
Riverwalk South Philly	60 N 23Rd St	Philadelphia	Center City	380	Under Constr.	November 2022
Broad Street Flats	701 S Broad St	Philadelphia	Center City	54	Under Constr.	December 2022
1823 Callowhill Street	1823 Callowhill St	Philadelphia	Center City	57	Under Constr.	January 2023
1153 Chestnut Street Apartments	1153 Chestnut St	Philadelphia	Center City	396	Under Constr.	June 2023
12+ Sansom	123-127 S 12Th St	Philadelphia	Center City	399	Under Constr.	July 2023
1001 S Broad Street Ph 1	1001 S Broad St	Philadelphia	Center City	600	Under Constr.	February 2024
River Walk North	2301 Jfk Blvd	Philadelphia	Center City	321	Under Constr.	December 2024
<b>Total Under Construction</b>				<b>4,614</b>		

## Submarket New Construction Activity - Planned

Name	Location	City	Submarket	No. Units	Status	Completion
Liberty On The River Ph 1	1375 S Christopher Columbus Blvd	Philadelphia	Center City	280	Planned	---
Jewelers Row Condominiums	706 Sansom St	Philadelphia	Center City	---	Planned	---
626 N Delaware Ave	626 N Delaware Ave	Philadelphia	Center City	96	Planned	---
801 North 19Th Street	801 N 19Th St	Philadelphia	Center City	115	Planned	---
Sharswood Blumberg Market Rate	N 27Th St & Poplar St	Philadelphia	Center City	100	Planned	---
Broad + Pine	337-341 S Broad St	Philadelphia	Center City	91	Planned	---
Nolo Night Club Residential Addit	1209 Vine St	Philadelphia	Center City	60	Planned	---
1100 Chestnut Street	1100 Chestnut St	Philadelphia	Center City	396	Planned	---
Broad & Lombard	500 S Broad St	Philadelphia	Center City	468	Planned	---
Penns Landing	300 N Christopher Columbus Blvd	Philadelphia	Center City	360	Planned	---
1121 North Delaware Avenue	1121 N Delaware Ave	Philadelphia	Center City	60	Planned	---
Rainbow Building Redevelopment	1208 Chestnut St	Philadelphia	Center City	52	Planned	---
113 - 121 South 19Th Street	113-121 S 19Th St	Philadelphia	Center City	183	Planned	---
1620 Sansom Street	1620 Sansom St	Philadelphia	Center City	306	Planned	---
2031 Washington Avenue Apartment	2031 Washington Ave	Philadelphia	Center City	30	Planned	---
Fairmount Avenue Apartments	650 Fairmount Ave	Philadelphia	Center City	297	Planned	---
502 Wood St	502 Wood St	Philadelphia	Center City	50	Planned	---
---	501 Spring Garden Street	Philadelphia	Center City	373	Planned	---
Quarters Co-Living	1201-1205 Callowhill St	Philadelphia	Center City	239	Planned	---
700 - 730 North Delaware Avenue	700-730 N Delaware Ave	Philadelphia	Center City	482	Planned	---
1135 Spring Garden Street Apartment	1135 Spring Garden St	Philadelphia	Center City	14	Planned	---
918 North Delaware Avenue Apartment	918 North Delaware Avenue	Philadelphia	Center City	462	Planned	---
933 North Penn Street	933 N Penn St	Philadelphia	Center City	196	Planned	---
1201-1209 Vine St	1201-1209 Vine St	Philadelphia	Center City	120	Planned	---
1106 -1114 Spring Garden Street	1106 Spring Garden St	Philadelphia	Center City	79	Planned	---
909 And 919 Street Apartments	909 N 26Th St	Philadelphia	Center City	49	Planned	---
Washington Avenue Apartments	943-49 Washington Ave	Philadelphia	Center City	24	Planned	---
807 North 3Rd Street	807 North 3Rd St	Philadelphia	Center City	48	Planned	---
1118 North Front Street	1118 N Front St	Philadelphia	Center City	47	Planned	---
418 Spring Garden Street Apartment	418 Spring Garden St	Philadelphia	Center City	329	Planned	---
223 - 225 Market Street	223 Market St	Philadelphia	Center City	22	Planned	---
1223 Washington Avenue	1223 Washington Ave	Philadelphia	Center City	375	Planned	---
101 South 3Rd Street Apartments	101 S 3Rd St	Philadelphia	Center City	80	Planned	---
1100 Ridge Avenue Apartments	1100-02 Ridge Ave	Philadelphia	Center City	30	Planned	---
1731 Washington Ave	1731 Washington Ave	Philadelphia	Center City	18	Planned	---
200 Spring Garden Street	200 Spring Garden St	Philadelphia	Center City	355	Planned	---
36 - 38 South 2Nd Street	36-38 S 2Nd St	Philadelphia	Center City	61	Planned	---
Mercato	1021 N Hancock St	Philadelphia	Center City	280	Planned	---
Fairmount Avenue Triplex	650 Fairmount Ave	Philadelphia	Center City	30	Planned	---
412 North 2Nd Street	412 N 2Nd St	Philadelphia	Center City	397	Planned	---
1001 S Broad Street Ph 2 And 3	1001 Washington Ave	Philadelphia	Center City	511	Planned	---
1101 Walnut Street Apartments	1101 Walnut St	Philadelphia	Center City	111	Planned	January 2024
204 South 12Th Street Apartments	204 S 12Th St	Philadelphia	Center City	488	Planned	April 2024
<b>Total Planned</b>				<b>8,164</b>		

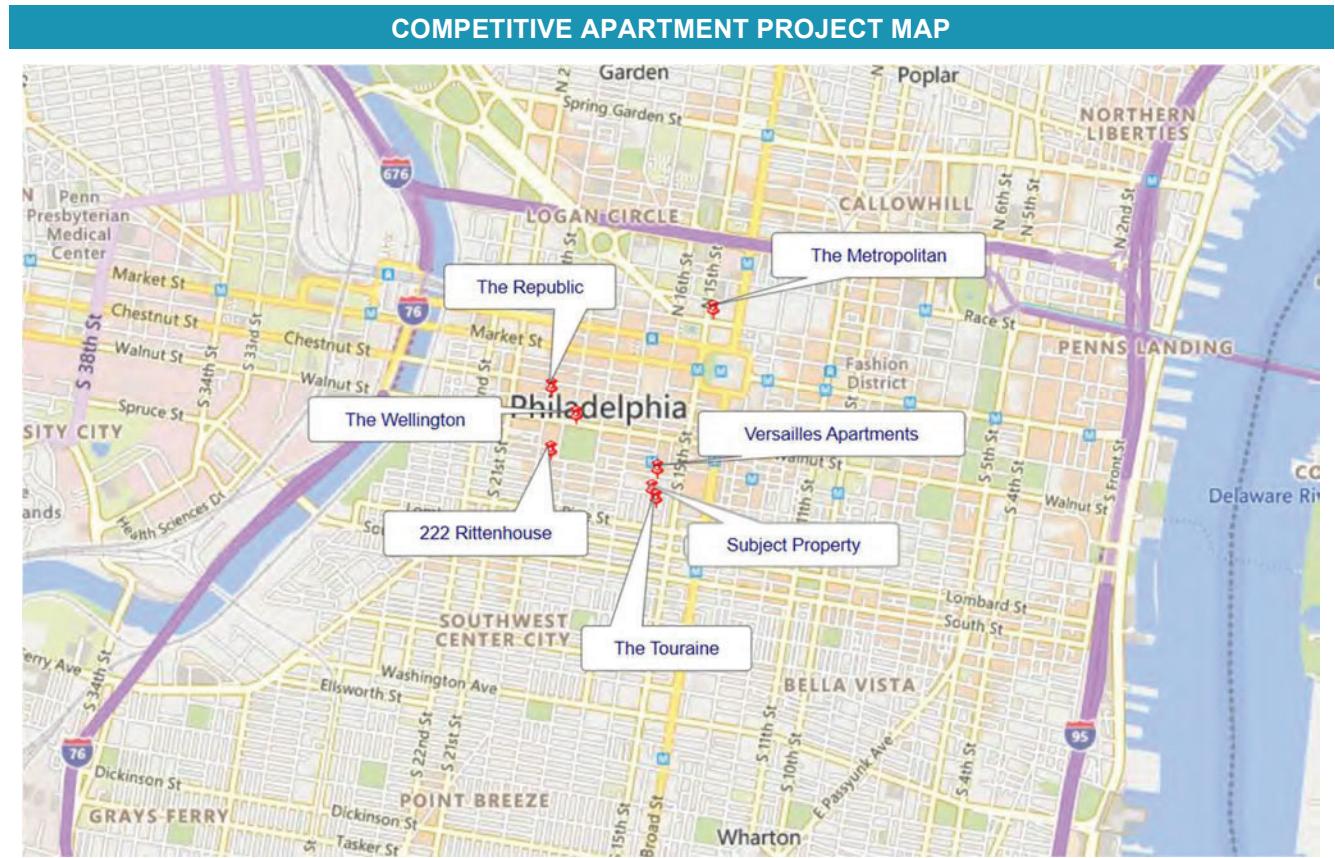
## Submarket New Construction Activity - Proposed

Name	Location	City	Submarket	No. Units	Status	Completion
N 27Th St At W Girard Ave	N 27Th St At W Girard Ave	Philadelphia	Center City	84	Proposed	---
Festival Pier Waterfront Complex	501 N Christopher Columbus Blvd	Philadelphia	Center City	470	Proposed	---
Liberty On The River Future	1375 S Christopher Columbus Blvd	Philadelphia	Center City	1,700	Proposed	---
222 - 230 Walnut Street	222 Walnut St	Philadelphia	Center City	18	Proposed	---
2012 Chestnut Street	2012 Chestnut St	Philadelphia	Center City	162	Proposed	---
1401 Spring Garden St.	1401 Spring Garden St	Philadelphia	Center City	144	Proposed	---
900 Callowhill Street	900 Callowhill St	Philadelphia	Center City	146	Proposed	---
Pier 34	735 S Christopher Columbus Blvd	Philadelphia	Center City	308	Proposed	---
N Broad St & Spring Garden St	N Broad St & Spring Garden St	Philadelphia	Center City	500	Proposed	---
709 Chestnut Street	709 Chestnut St	Philadelphia	Center City	278	Proposed	---
Market House	1100 E Passyunk Ave	Philadelphia	Center City	39	Proposed	---
915-23 North Broad Street	915 N. Broad St	Philadelphia	Center City	70	Proposed	---
1503 Brandywine Street Apartment	1503-05 Brandywine St	Philadelphia	Center City	12	Proposed	---
836 North Broad Street Apartments	836 N Broad St	Philadelphia	Center City	32	Proposed	---
200 Race Street Apartments	200 Race St	Philadelphia	Center City	49	Proposed	---
Lits Tower	701 Market St	Philadelphia	Center City	342	Proposed	---
The Deliah	900 N 8Th St	Philadelphia	Center City	338	Proposed	---
230 Vine Street Apartments	230 Vine St	Philadelphia	Center City	16	Proposed	---
310 West Girard Avenue	310 W Girard Ave	Philadelphia	Center City	189	Proposed	---
1921 Green Street	1921 Green St	Philadelphia	Center City	10	Proposed	---
419 Bainbridge St	419 Bainbridge St	Philadelphia	Center City	157	Proposed	---
1120 Frankford Avenue	1120 Frankford Ave	Philadelphia	Center City	150	Proposed	---
526 Front Street	526 S Front St	Philadelphia	Center City	18	Proposed	---
1428 - 1438 Callowhill Street	1428 Callowhill St	Philadelphia	Center City	162	Proposed	---
1015 South 3Rd Street	1015 S 3Rd St	Philadelphia	Center City	67	Proposed	---
619 North Broad Street	619 N Broad St	Philadelphia	Center City	119	Proposed	---
2006 West Girard Avenue	2006 W Girard Ave	Philadelphia	Center City	10	Proposed	---
1130 North Delaware Avenue	1130 N Delaware Ave	Philadelphia	Center City	182	Proposed	---
Mcdermott Building	689 N Broad St	Philadelphia	Center City	20	Proposed	---
141 - 143 North 4Th Street	141 N 4Th St	Philadelphia	Center City	36	Proposed	---
1820 Ridge Avenue	1820 Ridge Ave	Philadelphia	Center City	12	Proposed	---
1031 Germantown Avenue	1031 Germantown Avenue	Philadelphia	Center City	20	Proposed	---
<b>Total Proposed</b>				<b>5,860</b>		

## Competitive Properties Overview

In order to examine the subject property in its proper context, an examination of the subject's most direct competition is necessary. The competitive properties are presented on the following table.

COMPETITIVE APARTMENT PROJECTS																	
PROPERTY INFORMATION																	
No.	PROPERTY NAME ADDRESS, CITY, STATE	NO. OF UNITS	NET BLDG AREA	AVG. UNIT SIZE	YEAR BUILT	NO. OF STORIES	OCC. RATE (%)		UNIT SIZE (SF) AVG.	QUOTED RENT PER MONTH AVG.	QUOTED RENT \$/SF/ MONTH AVG.	RENT INCLUSIONS	CONCESSIONS	UNIT AMENITIES	PROJECT AMENITIES	COMMENTS	
S	Subject Property	61	42,415	695	1926	17											
1	The Wellington 135 S 19th St Philadelphia, PA	115	89,020	774	1925	15	99.0%		1BR/1BA 2BR/2BA	680 1,200	\$2,400 \$3,250	\$3.53 \$2.71	Trash and sewer	N/A	Air conditioning, dishwasher, granite countertops, stainless steel appliances, eat-in kitchen, and in-unit washer/dryer.	24 Hour Doorman, Business Center, Controlled Access, Laundry Facilities, Property Manager on Site, Media Center/Movie Theatre, Conference Rooms, Maintenance on site	N/A
2	The Touraine 1520 Spruce St Philadelphia, PA	128	183,689	1,435	1917	14	95.0%		1BR/1BA 2BR/2BA	986 1,751	\$2,900 \$3,439	\$2.94 \$1.96		N/A	Air conditioning, dishwasher, disposal, walk-in closets, and in-unit washer/dryer.	Laundry Facilities, Property Manager on Site, Doorman, Package Service, Elevator, Maintenance on site	N/A
3	The Metropolitan 117 N 15th St Philadelphia, PA	120	101,344	845	1927	26	99.0%		1BR/1BA 2BR/2BA	785 1,220	\$2,173 \$2,845	\$2.77 \$2.33	Water, trash and sewer	\$500 look and lease on select apartments.	Air conditioning, dishwasher, disposal, granite countertops, hardwood floors, walk-in closets, window coverings, and in-unit washer/dryer.	Business Center, Fitness Center, Laundry Facilities, Property Manager on Site, Basketball Court, Package Service, Volleyball Court, Elevator, Maintenance on site, Sundeck	N/A
4	The Republic 1930 Chestnut St Philadelphia, PA	144	104,968	729	1920	22	94.0%		1BR/1BA 2BR/2BA	645 975	\$1,755 \$2,650	\$2.72 \$2.72		N/A	Quartz countertops in kitchen and bath, Stainless steel appliances, Subway tile kitchen back-splash, Luxury vinyl plank flooring, 9 ceilings, Oversize windows, Breathable wall coverings, Large walk-in shower and tub surround, Full size washer & dryer in every unit, Sliding urban barn door (select units)	24 Hour Access, Laundry Facilities, Property Manager on Site, Elevator	N/A
5	Versailles Apartments 1530 Locust St Philadelphia, PA	113	149,320	1,321	1929	15	97.0%		1BR/1BA 2BR/2BA	989 1,250	\$2,980 \$3,835	\$3.01 \$3.07	Trash removal	N/A	Solid natural finish walnut floors, Smart home features, Stainless steel appliances, Full size in-unit washer & dryer, Carrera marble kitchen backsplash, Solid wood kitchen cabinetry, Classic white wood slat window treatments, Custom tiled showers	Controlled Access, Fitness Center, Laundry Facilities, Property Manager on Site, Doorman, On-Site Retail, Package Service, Vintage Building, Elevator, Health Club Discount, Maintenance on site	N/A
6	222 Rittenhouse 222 W Rittenhouse Sq Philadelphia, PA	96	103,932	1,083	1925	25	95.0%		1BR/1BA 2BR/2BA	594 1,339	\$2,091 \$4,263	\$3.52 \$3.18	Trash removal	N/A	A variety of distinctive floorplans, Newly renovated modern kitchens, Custom tiled bathrooms, Bamboo flooring, Walk-in closets & utility rooms with full-sized washer and dryer in select units, Custom mahogany blinds, Abundant storage, Stunning views of Rittenhouse Square and the Philadelphia skyline	Fitness Center, Laundry Facilities, Property Manager on Site, Trash Pickup - Door to Door	N/A



### COMPARABLE RENT NO. 1



Property: The Wellington  
Address: 135 S 19th St  
City, State: Philadelphia, PA

#### PROPERTY INFORMATION

Number of Units:	115	Number of Stories:	15
Year Built:	1925	Occupancy Rate:	99.0%

#### PROPERTY AMENITIES

Project amenities include 24 Hour Doorman, Business Center, Controlled Access, Laundry Facilities, Property Manager on Site, Media Center/Movie Theatre, Conference Rooms, Maintenance on site

#### UNIT AMENITIES

Unit amenities include Cable Ready, Dishwasher, Storage Space, Kitchen, Hardwood Floors, Refrigerator, Oven, Range, Walk-In Closets, and Carpet

#### QUOTED MONTHLY RENT & CONCESSIONS

BEDS/ BATHS	QUOTED RENT		
	UNIT SIZE (SF)	RENT PER MONTH	RENT \$/SF/ MONTH
	AVG.	AVG.	AVG.
1BR/1BA	680	\$2,400	\$3.53
2BR/2BA	1,200	\$3,250	\$2.71

Rent Inclusions: Trash and sewer

Concessions: N/A

## COMPARABLE RENT NO. 2



Property: The Touraine  
Address: 1520 Spruce St  
City, State: Philadelphia, PA

### PROPERTY INFORMATION

Number of Units: 128 Number of Stories: 14  
Year Built: 1917 Occupancy Rate: 95.0%

### PROPERTY AMENITIES

Project amenities include Laundry Facilities, Property Manager on Site, Doorman, Package Service, Elevator, and Maintenance on site

### UNIT AMENITIES

Unit amenities include Air Conditioning, Cable Ready, Dishwasher, Disposal, Microwave, Washer/Dryer, Refrigerator, Walk-In Closets, and Window Coverings

### QUOTED MONTHLY RENT & CONCESSIONS

BEDS/ BATHS	QUOTED		QUOTED
	UNIT SIZE (SF)	RENT PER MONTH AVG.	RENT \$/SF/ MONTH AVG.
1BR/1BA	986	\$2,900	\$2.94
2BR/2BA	1,751	\$3,439	\$1.96

Rent Inclusions: N/A

Concessions: N/A

### COMPARABLE RENT NO. 3



Property: The Metropolitan  
Address: 117 N 15th St  
City, State: Philadelphia, PA

#### PROPERTY INFORMATION

Number of Units:	120	Number of Stories:	26
Year Built:	1927	Occupancy Rate:	99.0%

#### PROPERTY AMENITIES

Project amenities include Business Center, Fitness Center, Laundry Facilities, Property Manager on Site, Basketball Court, Package Service, Volleyball Court, Elevator, Maintenance on site, Sundeck

#### UNIT AMENITIES

Unit amenities include Air Conditioning, Cable Ready, Dishwasher, Disposal, Microwave, Washer/Dryer, Refrigerator, Walk-In Closets, and Window Coverings

#### QUOTED MONTHLY RENT & CONCESSIONS

BEDS/ BATHS	QUOTED		QUOTED
	UNIT SIZE (SF)	RENT PER MONTH AVG.	RENT \$/SF/ MONTH AVG.
1BR/1BA	785	\$2,173	\$2.77
2BR/2BA	1,220	\$2,845	\$2.33

Rent Inclusions: Water, trash and sewer

Concessions: \$500 look and lease on select apartments.

#### COMPARABLE RENT NO. 4



Property: The Republic  
Address: 1930 Chestnut St  
City, State: Philadelphia, PA

#### PROPERTY INFORMATION

Number of Units:	144	Number of Stories:	22
Year Built:	1920	Occupancy Rate:	94.0%

#### PROPERTY AMENITIES

Project amenities include Controlled Access, Fitness Center, Laundry Facilities, Property Manager on Site, Doorman, On-Site Retail, Package Service, Vintage Building, Elevator, Health Club Discount, and Maintenance on site

#### UNIT AMENITIES

Unit amenities include Air Conditioning, Cable Ready, Washer/Dryer, Heating, Security System, Tile Floors, Eat-in Kitchen, Kitchen, Granite Countertops, Range, Tub/Shower, Views, Walk-In Closets, Carpet, Skylights, and Window Coverings

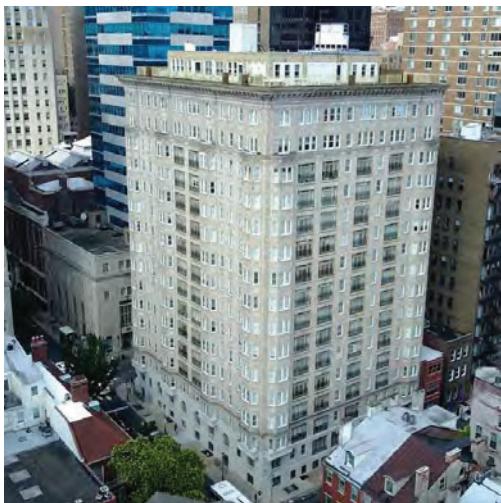
#### QUOTED MONTHLY RENT & CONCESSIONS

BEDS/ BATHS	QUOTED		QUOTED
	UNIT	RENT	RENT
	SIZE	PER	\$/SF/
	(SF)	MONTH	MONTH
	AVG.	AVG.	AVG.
1BR/1BA	645	\$1,755	\$2.72
2BR/2BA	975	\$2,650	\$2.72

Rent Inclusions: N/A

Concessions: N/A

### COMPARABLE RENT NO. 5



Property: Versailles Apartments  
Address: 1530 Locust St  
City, State: Philadelphia, PA

#### PROPERTY INFORMATION

Number of Units:	113	Number of Stories:	15
Year Built:	1929	Occupancy Rate:	97.0%

#### PROPERTY AMENITIES

Project amenities include Fitness Center, Laundry Facilities, Property Manager on Site, and Trash Pickup

#### UNIT AMENITIES

Unit amenities include Cable Ready and Hardwood Floors

#### QUOTED MONTHLY RENT & CONCESSIONS

BEDS/ BATHS	QUOTED		QUOTED
	UNIT SIZE (SF)	RENT PER MONTH AVG.	RENT \$/SF/ MONTH AVG.
1BR/1BA	989	\$2,980	\$3.01
2BR/2BA	1,250	\$3,835	\$3.07

Rent Inclusions: Trash removal

Concessions: N/A

### COMPARABLE RENT NO. 6



Property: 222 Rittenhouse  
Address: 222 W Rittenhouse Square  
City, State: Philadelphia, PA

### PROPERTY INFORMATION

Number of Units:	96	Number of Stories:	25
Year Built:	1925	Occupancy Rate:	95.0%

### PROPERTY AMENITIES

Project amenities include Business Center, Fitness Center, Dry Cleaning Service, Elevator

### UNIT AMENITIES

Unit amenities include Air Conditioning, Dishwasher, Disposal, Washer/Dryer, High Speed Internet Access, and Wheelchair Accessible (Rooms)

### QUOTED MONTHLY RENT & CONCESSIONS

BEDS/ BATHS	QUOTED		QUOTED
	UNIT SIZE (SF)	RENT PER MONTH AVG.	RENT \$/SF/ MONTH AVG.
1BR/1BA	594	\$2,091	\$3.52
2BR/2BA	1,339	\$4,263	\$3.18

Rent Inclusions: Trash removal

Concessions: N/A

These properties will be more fully discussed in the Income Approach section of this report. To summarize, the comparable projects range from 96 to 144 units. The comparable apartment projects revealed occupancy levels ranging from 94.0 percent to 99.0 percent, with an average of 96.5 percent. The table below is a summary of rental rates by unit type:

SUMMARY OF COMPARABLE RENTAL PROPERTIES			
	UNIT SIZE (SF)	QUOTED RENT PER MONTH	QUOTED RENT \$/SF/MONTH
	AVG.	AVG.	AVG.
One Bedroom Units	780	\$2,383	\$3.08
Two Bedroom Units	1,289	\$3,380	\$2.66

A comparison of the subject's quoted rents to the comparables is presented in the Income Capitalization Approach. Presently, concessions are offered at competitive projects to market vacant units.

Although it varies, most of the properties require tenants to pay for separately metered utilities while the property owner pays for trash removal. At the subject, residential tenants are required to pay for all utilities except trash removal.

## Other Competition

We surveyed the local market to determine if there are other competing apartment projects not previously listed in our analysis. There are other apartment complexes located more distant from the subject property, or which have inferior or superior attributes that would preclude them from being competitive with the subject property.

## Competition Summary

Overall, the properties presented represent the subject's most direct competition.

## Demographic Profile

Understanding the demographics of a region helps to ascertain the underlying fundamentals of real estate supply and demand. The foundation of our analysis in the delineation of the subject's profile area may be summarized as follows:

- Highway accessibility, including area traffic patterns, and geographical constraints;
- The position and nature of the area's residential structure, including its location within a heavily developed apartment area, which adds competition for the subject and at the same time adds strength and composition to the appeal for tenants; and
- The project and unit amenity composition of the subject property as compared to its competition

Given all of the above, we believe that a primary market for the subject property would likely span an area encompassing about 0.5-miles. The subject's secondary market might span up to one mile from the site given its regional accessibility and location of competitive properties.

Based on these observations, we analyzed a primary demographic profile for the subject based upon a radius of approximately 0.5-miles from the property. To add perspective to this analysis, we segregated our survey into 0.25-mile, 0.5-mile, and one mile concentric circles with a comparison to the CBSA, state, and the United States. The report on the following page presents this data.

## Population

Having established the subject's trade area, our analysis focuses on the trade area's population. Experian Marketing Solutions, Inc., provides historical, current and forecasted population estimates for the total area. Patterns of development density and migration are reflected in the current levels of population estimates.

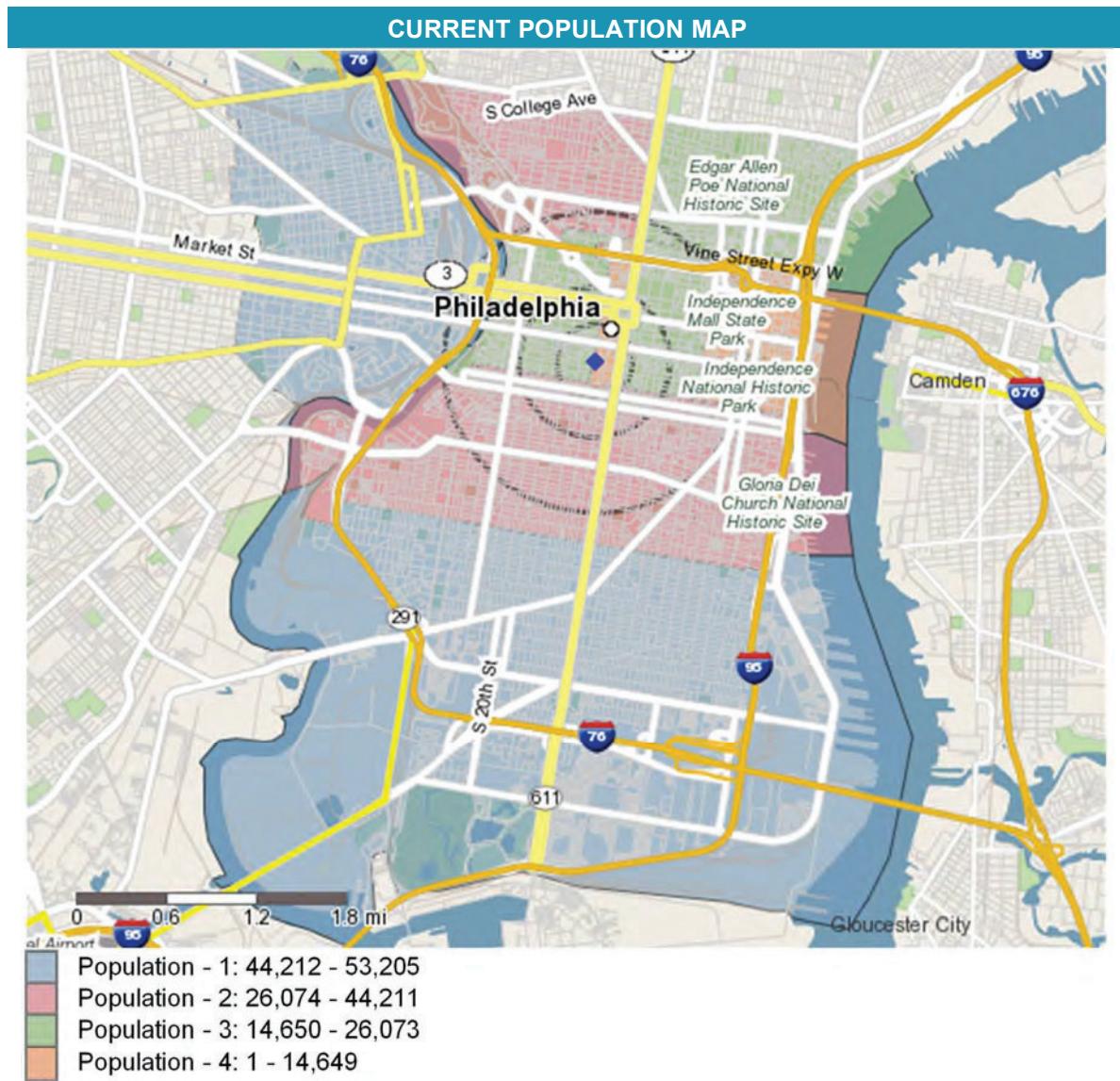
Between 2000 and 2021, Experian Marketing Solutions, Inc., reports that the population within the primary trade area (0.5-mile radius) increased at a compound annual rate of 1.1 percent. This is characteristic of suburban areas in this market. This trend is expected to continue into the near future albeit at a slightly slower pace. Expanding to the total trade area (1.0-mile radius), population is expected to increase 1.08 percent per annum over the next five years.

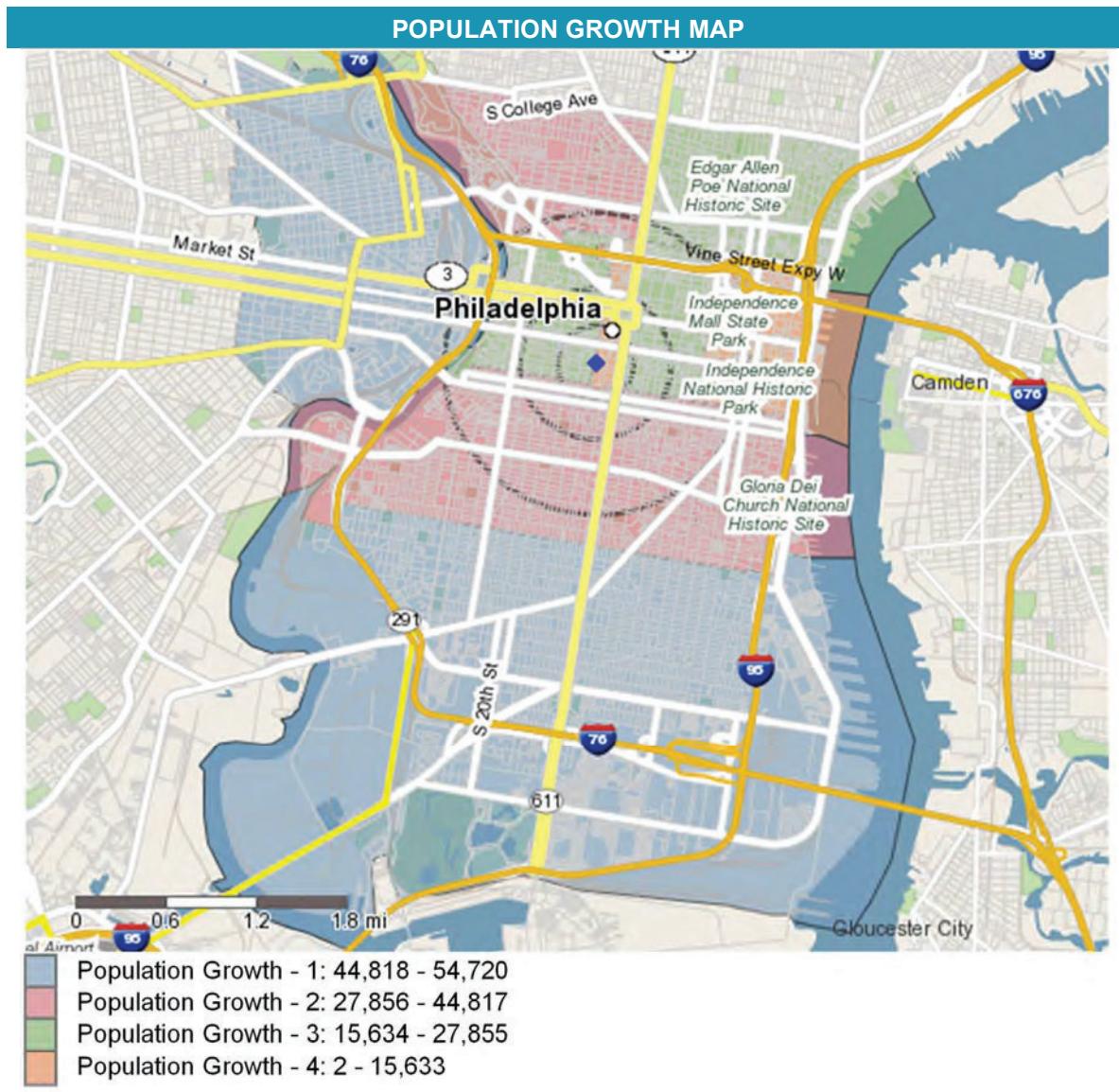
The following page contains a graphic representation of the current population distribution within the subject's region.

The graphic on the second following page illustrates projected population growth within the trade area over the next five years (2021 - 2026). The trade area is clearly characterized by various levels of growth.

DEMOGRAPHIC SUMMARY					
	0.25-Mile Radius	0.5-Mile Radius	1.0-Mile Radius	Philadelphia-Ca CBSA	State of Pennsylvania
<b>POPULATION STATISTICS</b>					
2000	8,394	27,579	72,134	5,686,619	12,281,113
2021	10,680	34,713	92,476	6,138,611	12,885,427
2026	11,414	36,692	97,574	6,235,011	13,054,798
<b>Compound Annual Change</b>					
2000 - 2021	1.15%	1.10%	1.19%	0.36%	0.23%
2021 - 2026	1.34%	1.12%	1.08%	0.31%	0.26%
<b>HOUSEHOLD STATISTICS</b>					
2000	5,949	17,886	40,729	2,134,200	4,777,049
2021	6,978	21,376	51,007	2,336,214	5,112,696
2026	7,481	22,709	54,442	2,387,013	5,213,181
<b>Compound Annual Change</b>					
2000 - 2021	0.76%	0.85%	1.08%	0.43%	0.32%
2021 - 2026	1.40%	1.22%	1.31%	0.43%	0.39%
<b>AVERAGE HOUSEHOLD INCOME</b>					
2000	\$64,868	\$55,288	\$53,295	\$62,856	\$52,706
2021	\$167,593	\$144,046	\$134,520	\$108,481	\$90,255
2026	\$175,197	\$151,206	\$140,902	\$115,650	\$95,778
<b>Compound Annual Change</b>					
2000 - 2021	4.62%	4.67%	4.51%	2.63%	2.59%
2021 - 2026	0.89%	0.97%	0.93%	1.29%	1.19%
<b>OCCUPANCY</b>					
Owner Occupied	26.80%	31.54%	36.29%	66.76%	68.52%
Renter Occupied	73.20%	68.46%	63.71%	33.24%	31.48%

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## Households

A household consists of a person or group of people occupying a single housing unit, and is not necessarily a family unit. When an individual purchases goods and services, these purchases are a reflection of the entire household's needs and decisions, making the household a critical unit to be considered when reviewing market data and forming conclusions about the trade area as it impacts the subject property.

Figures provided by Experian Marketing Solutions, Inc., indicate that the number of households is increasing at a faster rate than the growth of the population. Several changes in the way households are being formed have caused this acceleration, specifically:

- The population is living longer on average. This results in an increase of single- and two-person households;
- Higher divorce rates have resulted in an increase in single-person households; and
- Many individuals have postponed marriage, also resulting in more single-person households.

According to Experian Marketing Solutions, Inc., the Primary Trade Area grew at a compound annual rate of 0.85 percent between 2000 and 2021. Consistent with national trends the trade area is experiencing household changes at a rate that varies from population changes. That pace is expected to continue through 2026, and is estimated at 1.22 percent.

Correspondingly, a greater number of smaller households with fewer children generally indicates more disposable income. In 2000, there were 1.45 persons per household in the Primary Trade Area and by 2021, this number is estimated to have increased to 1.53 persons. Through 2026, the average number of persons per household is forecasted to decline to 1.53 persons.

## Average Household Income

A significant statistic driving the success of an apartment market is the income potential of the area's population. Income levels, either on a per capita, per family or household basis, indicate the economic level of the residents of the market area and form an important component of this total analysis.

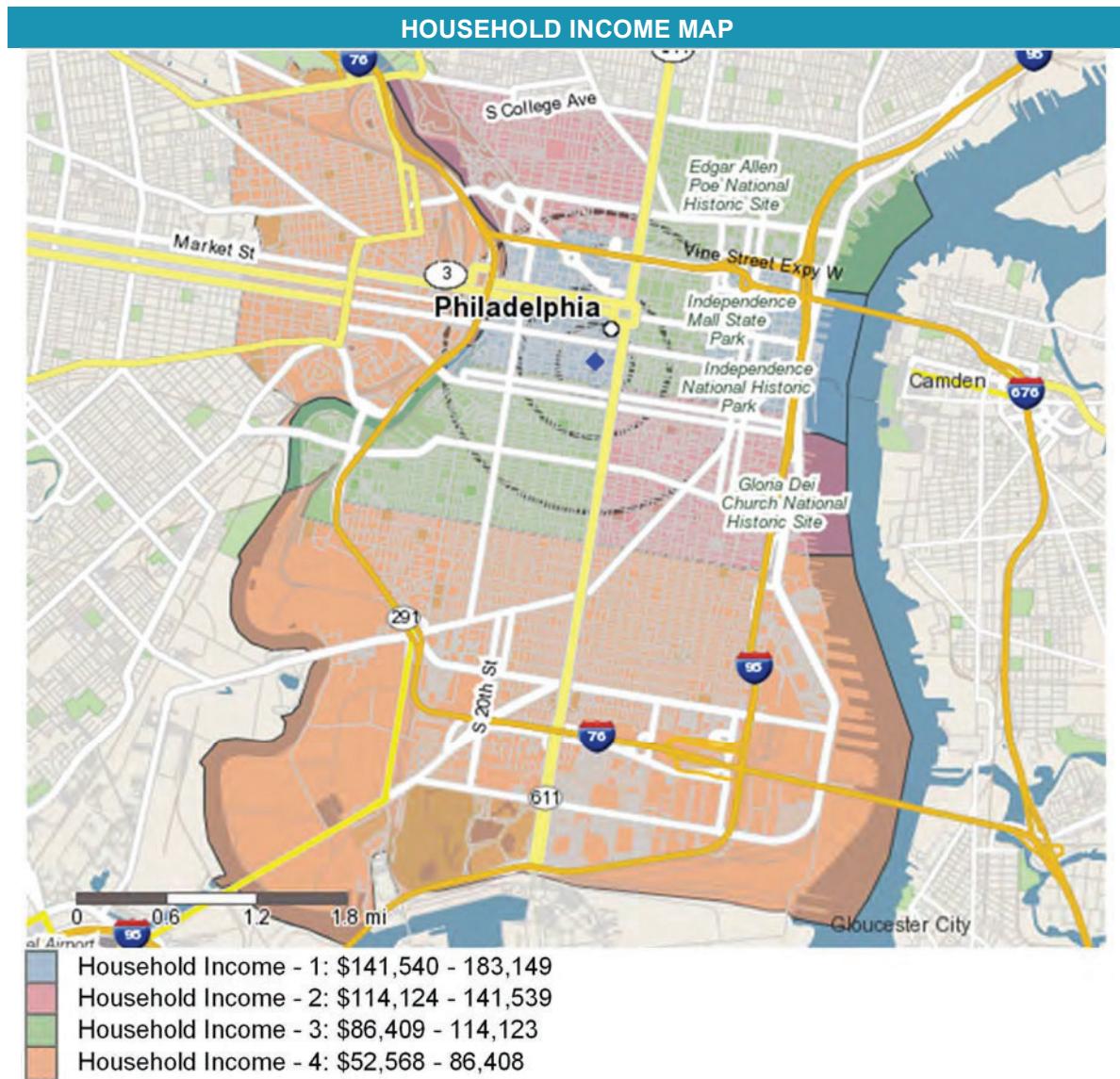
Trade area income figures for the subject support the profile of a broad middle-income market. According to Experian Marketing Solutions, Inc., average household income within the primary trade area in 2021 was approximately \$144,046, 132.78 percent of the CBSA average (\$108,481) and 159.60 percent of the state average (\$90,255).

Further analysis shows a relatively broad-based distribution of income. This information is summarized as follows:

Category	0.25-Mile	0.5-Mile	1.0-Mile	Philadelphia-Ca	State of
	Radius	Radius	Radius	CBSA	Pennsylvania
\$150,000 or more	33.86%	29.35%	27.25%	19.32%	12.94%
\$125,000 to \$149,999	6.10%	6.75%	6.65%	7.15%	6.06%
\$100,000 to \$124,999	9.34%	9.30%	9.31%	10.45%	9.78%
\$75,000 to \$99,999	11.92%	11.34%	11.27%	12.84%	13.83%
\$50,000 to \$74,999	15.60%	16.39%	16.93%	15.87%	18.08%
\$35,000 to \$49,999	7.14%	7.63%	7.51%	9.96%	11.74%
\$25,000 to \$34,999	4.34%	5.00%	5.53%	7.24%	8.65%
\$15,000 to \$24,999	3.17%	4.27%	5.06%	7.35%	8.78%
Under \$15,000	8.53%	9.98%	10.49%	9.81%	10.14%

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The following is a graphic presentation of the household income distribution throughout the trade area that clearly shows the area surrounding the subject to be characterized by middle to upper income households.



## Housing Occupancy

As illustrated on the Demographic Summary Table presented earlier, there are 6,978 occupied housing units in the subject's zero-mile radius, 21,375 occupied housing units in the primary trade area (0.5-mile), and 51,007 in the total one-mile trade area.

The depth of the rental housing market can be measured by these demographic statistics. The percentage of occupied housing units that are renter occupied is an indicator of demand within an area. Markets that have a high percentage of renter units are indicative of a more transient population. For reference, we note that the United States has 36.10 percent of its occupied housing stock occupied by renters, while the subject's State and CBSA have 31.48 and 33.24 percent of this same stock occupied by renters. This compares to the local statistics, which reflect renter occupied ratios of 73.20 percent, 68.46 percent and 63.71 percent in the 0.25-, 0.5- and 1.0-mile trade areas, respectively.

## Local Area Housing

Philadelphia is a well-established community. Residential development comprises mostly older single-family detached and multi-family residences and apartment complexes within planned communities throughout the local area. Residential growth is mostly located in outlying areas of the community with greater land area available for development.

According to Experian Marketing Solutions, Inc., there are 24,752 housing units within a 0.5-mile radius of the subject property. The median year built of the existing housing stock is 1955. The median home value within a 0.5-mile radius of the subject property as of 2021 was \$444,721. There is a large proportion of owner-occupied housing, comprising about 32 percent of total occupied housing units within a 0.5-mile radius of the subject. The following table reflects a housing summary including the total number of housing units, median housing value and median year built in the local area, as well as the Philadelphia region, State of Pennsylvania and U.S. for comparative analysis.

HOUSING SUMMARY					
	0.25-Mile Radius	0.5-Mile Radius	1.0-Mile Radius	Philadelphia-Ca CBSA	State of Pennsylvania
<b>HOUSING STATISTICS</b>					
2021 Est. Total Housing Units	8,251	24,752	58,487	2,534,245	5,782,866
2021 Est. Median Housing Value	\$486,088	\$444,721	\$401,820	\$269,179	\$192,488
2021 Est. Median Year Built	1957	1955	1955	1964	1964

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## Apartment Market Analysis Summary

We analyzed the profile of the subject's region in order to make reasonable assumptions as to the continued performance of the property.

A regional and local overview was presented which highlighted important points about the study area. Demographic and economic data specific to the residential market were also presented. Demographic information relating to these sectors was presented and analyzed in order to determine patterns of change and growth as it impacts the subject property. The data quantifies the dimensions of the total trade area, while our comments provide qualitative insight into this market. A compilation of this data forms the basis for our projections and forecasts for the subject property. The following are our key conclusions.

- Vacancy levels for the Philadelphia Apartment market are down over last year and are expected to increase from 4.1 percent next year to 4.3 percent in 2026. Reis forecasts that construction will outpace absorption in the near future, and that rental rates should increase over the same period. In Center City vacancy levels are expected to increase to 7.0 percent by 2026, and rental rates are forecast to increase from \$2,794 per month in 2022 to \$3,335 per month during the same period.
- The subject property most directly competes with the other apartment complexes in the vicinity. These properties are generally well maintained and have high occupancy rates.
- As such we believe the property will serve a market encompassing a radius of 1.0-miles. Over the next five years, both the population and number of households in the subject's trade area are projected to remain fairly stable.
- The subject has very good accessibility via the regional Interstate network and local arterials that provide linkages throughout the Philadelphia CBSA.
- Based on our analysis we concluded that the subject is well positioned within its market area and the prospect for net appreciation in real estate values is expected to be good over the long term, with some short term impact due to inflationary pressures, rising interest rates, and a looming recession.

## Property Analysis

### Site Description

#### GENERAL

Location: 257 South 16th Street  
Philadelphia, Pennsylvania 19102  
The subject property is a corner lot located on the west side of South 16th Street and on the north side of Spruce Street in Center City Philadelphia.

Shape: Rectangular

Topography: Level at street grade

Land Area: 0.09 acres / 3,872 gross square feet

Access, Visibility and Frontage: The subject property has excellent access and excellent visibility. The frontage is rated as excellent.  
The frontage dimensions are listed below:

South 16th Street:	88 feet
Spruce Street:	44 feet

Utilities: All public utilities are available and deemed adequate.

Site Improvements: Site improvements include asphalt paved parking areas, curbing, signage, landscaping, yard lighting and drainage.

#### SITE CONDITIONS

Soil Conditions: We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support the existing structure. We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.

Land Use Restrictions: We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.

Wetlands: We were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.

Hazardous Substances: We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.

Flood Zone Description: The subject property is located in flood zone X (Areas determined to be outside the 500 year flood plain) as indicated by FEMA Map 420757 - 4207570183G, dated January 17, 2007.

The flood zone determination and other related data are provided by a third party vendor deemed to be reliable. If further details are required, additional research is required that is beyond the scope of this analysis.

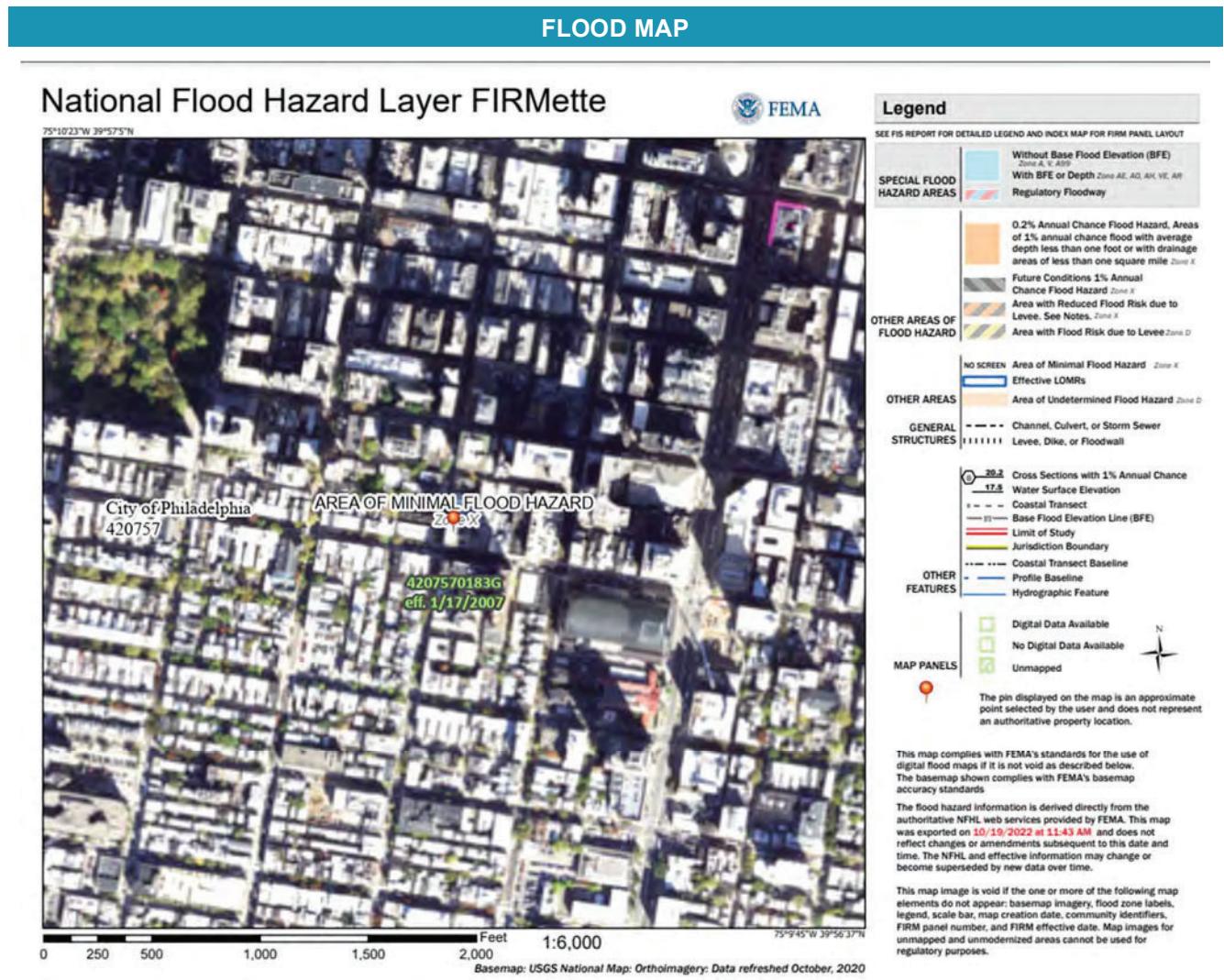
## CONCLUSIONS

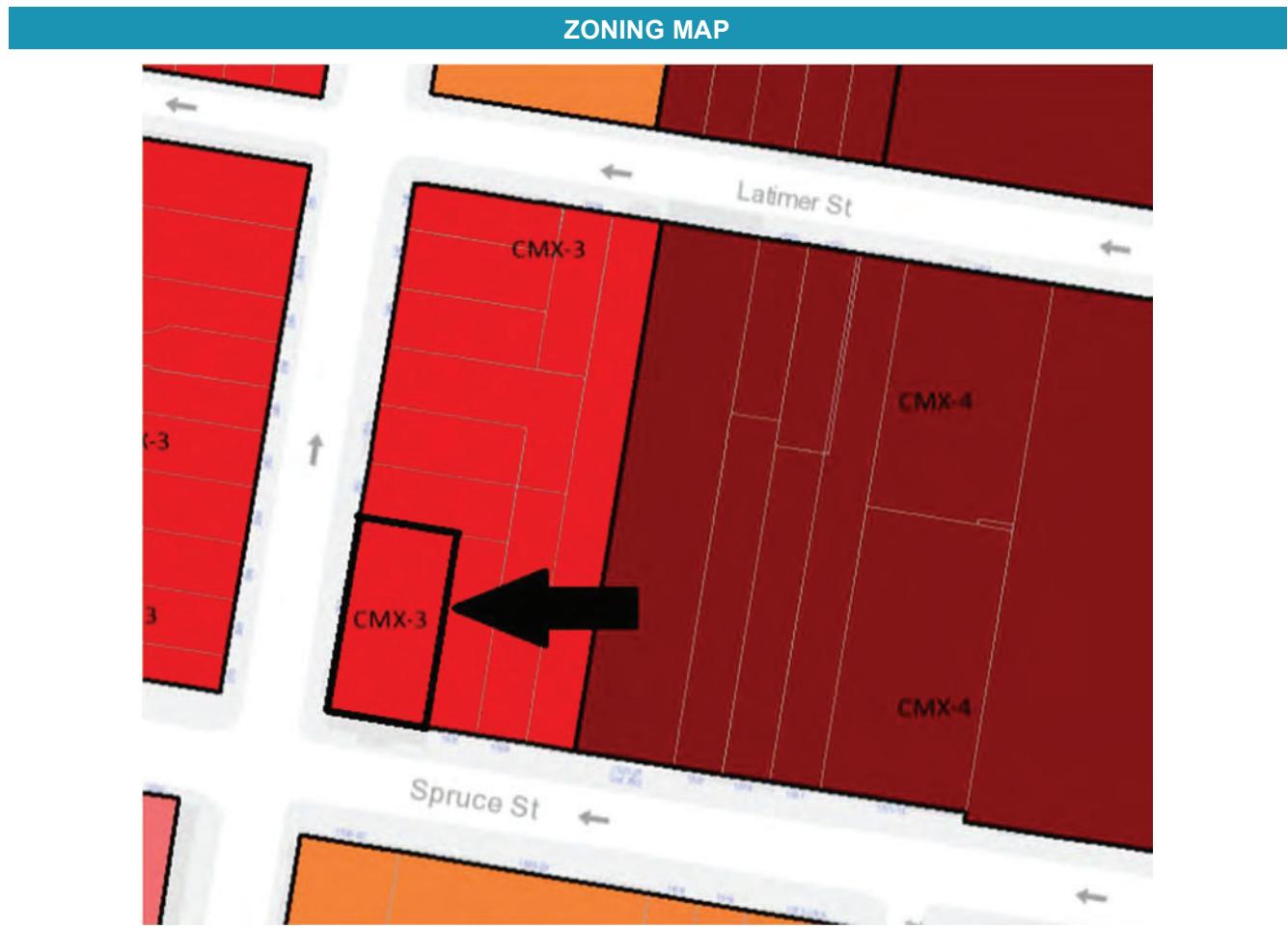
Overall Site Utility: The subject site is functional for its current use.

Location Rating: Excellent

## TAX MAP







## Improvements Description

The subject property is improved with a 61-unit apartment complex. The subject's unit mix is presented in the following table:

UNIT MIX						
Unit Description						
No.	Plan	BR	BA	Total Units	Average Unit Size (SF)	Total (SF)
1	1 BR	1	1.0	45	588	26,440
2	2 BR	2	2.0	14	950	13,300
3	PH	2	2.0	2	1,338	2,675
MINIMUM					588	2,675
MAXIMUM					1,338	26,440
TOTAL/AVG.				61	695	42,415

The following description of improvements is based on our physical inspection of the improvements and our discussions with the subject property owner's representative.

#### GENERAL DESCRIPTION

Property Type:	Multi-Family (Mid/High-Rise)
Year Built:	1926
Year Renovated:	2022 and presently being renovated
Number of Units:	61
Number of Buildings:	1
Number of Stories:	17
Land To Building Ratio:	0.07 to 1
Gross Building Area:	55,204 square feet
Net Rentable Area:	42,415 square feet

#### CONSTRUCTION DETAIL

Basic Construction:	Steel and masonry
Foundation:	Poured concrete slab
Framing:	Structural steel with masonry and concrete encasement
Floors:	Concrete poured over a metal deck
Exterior Walls:	Concrete block
Roof Type:	Flat with parapet walls
Roof Cover:	Sealed membrane
Windows:	Thermal windows in aluminum frames
Pedestrian Doors:	Glass, wood and metal

#### MECHANICAL DETAIL

Heat Source:	Municipal Steam
Heating System:	Radiant Heat
Cooling:	The penthouse units have central air conditioning. The rest of the units do not have a cooling system. However, during the summer management provides all tenants with floor A/C units. One A/C unit is provided for a one-bedroom unit, two A/C units are provided for a two-bedroom unit, and three A/C units are provided for a three-bedroom unit.
Cooling Equipment:	The cooling equipment is roof mounted.
Plumbing:	The plumbing system is assumed to be adequate for the existing use and in compliance with local law and building codes.

Electrical Service:	The electrical system is assumed to be adequate for the existing use and in compliance with local law and building codes.
Electrical Metering:	Each unit is separately metered.
Emergency Power:	None
Elevator Service:	The building contains 2 passenger elevators.
Fire Protection:	Partially sprinklered
Security:	Exterior and interior monitors; Controlled Access

#### INTERIOR DETAIL

Floor Covering:	Carpet, tile, and hardwood
Walls:	Drywall
Ceilings:	Acoustical tile
Lighting:	Fluorescent
Restrooms:	Apartment units are equipped with one or two full bathrooms. The bathrooms consist of a shower/tub kit with wall-mounted showerhead, toilet, sink, and ceramic tile floor covering.

#### AMENITIES

Project Amenities:	Controlled Access, Doorman, Security Cameras, Fitness Center, On-Site Property Management and Leasing Center and Laundry Facilities
Unit Amenities:	City Views, Granite Countertops, Gas Ranges, Stainless Steel Appliances, Walk-in Closets, Central Air Conditioning, Hardwood Floors and Fully Equipped Kitchens

#### OTHER IMPROVEMENTS

Parking:	None
On-site Landscaping:	The site is minimally landscaped.
Other:	Site improvements include curbing, yard lighting and drainage.
Personal Property:	Personal property was excluded from our valuation.

#### ANALYSIS AND CONCLUSIONS

Condition:	Good (Upon Completion)
Quality:	Good
Actual Age:	96 year(s)
Effective Age:	10 years - The subject's improvements (both short and long-lived items) are of good quality and in good (upon completion) condition. Thus, the effective age is estimated to be below the actual age.

Expected Economic Life:	50 years – To estimate life expectancy, we relied upon Marshall Valuation Service estimates for similar product.
Remaining Economic Life:	40 years
Property Rating:	After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is good, when measured against other properties in this marketplace.
Roof & Mechanical Inspections:	We did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
Curable Physical Deterioration:	We have been provided with a capital expenditure plan for the subject renovations. Total costs, including acquisition, are estimated at \$25 million. Hard costs of the renovation are \$7.7 million, with additional soft costs considered for a total renovation cost of \$11,000,000. An estimated \$7,681,584 of costs remain on the project. We have deducted this estimated amount from the “upon completion” value to derive the current “as is” market value.
Functional Obsolescence:	The two-bedroom units only have 1 bathroom. Newer construction would have 2 bathrooms in a two-bedroom unit. Also, the units do not have their own individual washer and dryers. Finally, most of the units do not have their own in-unit cooling system. Rather, management provides plug-in floor A/C units during the summer months. These factors are all atypical of newer construction.
Summary:	After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is good, when measured against other properties in this marketplace.

## Real Property Taxes and Assessments

### Current Property Taxes

The subject property is assessed by the City of Philadelphia, and the assessor's parcel identification is 881031500. According to the local tax collector's office, taxes are current.

The assessment and taxes for the property are presented in the following table:

PROPERTY ASSESSMENT INFORMATION	
Assessor's Parcel Number:	881031500
Assessing Authority:	City of Philadelphia
Current Tax Year:	2023
Assessment Ratio (% of market Value):	92.59%
Are Taxes Current?	Taxes are current
Is There a Grievance Underway?	Not to our knowledge
The Subject's Assessment and Taxes Are:	Reasonable
ASSESSMENT INFORMATION	
Assessed Value	Totals
Land:	\$3,544,830
Improvements:	\$8,271,270
Taxable Assessment:	<b>\$11,816,100</b>
Assessor's Implied Market Value:	\$12,761,745
City of Philadelphia Taxes	
Total Tax Rate:	1.3998%
Property Taxes:	<b>\$165,402</b>
Number of Units:	61
Property Taxes per Unit:	\$2,712
Special Services District (CCD) Taxes	
Assessed Value of the Subject Property	\$11,816,100
Adjustment	\$423,518
Total Assessed Value	\$12,239,618
Total Assessed Value of the Special Services District	\$17,594,574,941
The Subject Property's Pro Rata Share	0.06956%
Special Services District Budget	\$26,183,030
Subject Property's Special Services District Taxes	\$18,214
Total Property Taxes	
Total Property Taxes	<b>\$183,616</b>
Number of Units	61
Total Property Taxes per Unit	\$3,010

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Total taxes for the property, are \$183,616 or \$3,010 per unit, which includes the taxes for the City of Philadelphia (and school district) and the Center City District.

The city underwent a full re-assessment in 2014 and has issued annual re-assessments since then. However, the city's 2018 assessment included commercial properties only, and many property owners considered this a violation of the uniformity clause, i.e. that all classes of property be re-assessed at the same time. Numerous property owners challenged the legality of the city's re-assessing of commercial properties only and appealed to the court. A

lower court ruling in July 2019 upheld the uniformity statute and the 2018 assessment was ruled illegal. The City of Philadelphia appealed that court ruling to Commonwealth Court and, in July 2021, Commonwealth Court ruling upheld the lower court's conclusion that Philadelphia violated the Pennsylvania and Federal Constitution and the requirement of uniform and fair assessments. Commonwealth Court also upheld the lower court's ruling to roll back the illegal assessment of the commercial properties to 2017 levels, refund owners for the excess payments they had made under the 2018 reassessments and rejected the city's contention that the appropriate remedy should be to again reassess the properties. In the meantime, numerous property owners are currently challenging not only the 2018 assessment, but those for 2019 through 2021 as well.

In its 2019 ruling, the trial court ordered the city to repay (with interest) the real estate taxes paid by commercial property owners in 2018 by July 1, 2021. The city's appeal put that repayment on hold. If the Commonwealth Court ruling remains, the city will be obligated to refund in cash the overpaid real estate along with use and occupancy taxes plus interest. It's unclear when the city will begin to make those payments, as it could decide to appeal the ruling to the PA Supreme Court. Estimates indicate that Philadelphia could be reimbursing commercial property owners upwards of a total of \$30 million or more. We note that the reimbursed taxes cannot be transferred to a new owner.

Assessments cannot be changed based on a sale of the property. However, "aggrieved parties", such as the city's school district, have challenged assessments after certain high-profile properties have sold, especially if these sales have been highlighted in the newspapers and the sale price was well above the city's assessed value. Though these specific challenges violate state law, this has generally not deterred the school district from pressing the Office of Property Assessment to re-examine the assessments for individual properties, or for classes of properties. The 2019 and 2021 court rulings should put an end to these challenges, subject to a ruling by the PA Supreme Court if the city pursues an appeal.

For our analysis, we have used the 2022 tax rate on the 2023 assessments. Of note, the subject has not been fully assessed since completion of the improvements. The property will benefit from a 10 year tax abatement as described below that will begin upon full assessment, presumably this year.

## **Center City District**

Ownership also pays a tax to the city's Center City District (CCD). The CCD is a non-profit service organization that promotes Center City Philadelphia, primarily through street and sidewalk cleaning, security, and travel and tourism services. The CCD is funded via special charges to property owners within the service area. The charge is calculated as the ratio of the subject property assessment to the total assessment of all properties located in the district, times the current CCD budget. We have included this special assessment in our analysis of the subject property.

## **Assessment Comparable Analysis**

To determine if the assessment on the property is reasonable, we examined the actual assessments of similar properties in the market. They are illustrated in the following table:

REAL ESTATE ASSESSMENT COMPARABLES					
No.	Property Name & Location	Units	Assessment		
			Year	Assessment	Assess/Unit
S	SUBJECT PROPERTY	61	2023	\$11,816,100	\$193,707
1	The Wellington - 135 S 19th St	115	2020	\$31,174,400	\$271,082
2	The Touraine - 1520 Spruce St	128	2020	\$41,995,700	\$328,091
3	The Metropolitan - 117 N 15th St	120	2020	\$21,869,500	\$182,246
4	Vida Apartments - 235 S 15th St	59	2020	\$11,732,800	\$198,861
5	The Republic - 1930 Chestnut St	144	2020	\$37,897,500	\$263,177
6	Versailles Apartments - 1530 Locust St	113	2020	\$29,965,800	\$265,184
STATISTICS					
Low:		59		\$11,732,800	\$182,246
High:		144		\$41,995,700	\$328,091
Average:		113		\$29,105,950	\$251,440

Compiled by Cushman & Wakefield of Pennsylvania, LLC

## Real Property Tax Conclusion

The comparable properties reflect assessed values ranging from \$182,246 to \$328,091 per unit with an average of \$251,440 per unit. Based upon these comparables, the subject is generally commensurate with comparable properties. We do not anticipate a significant change in assessment from the renovation of the units. However, the developer has budgeted a slightly lower real estate tax cost in their pro forma. We have elected to use the current higher taxes to be conservative in our assessment of the changing tax situation in the City of Philadelphia.

## Zoning

### General Information

The property is zoned CMX-3 by the City of Philadelphia. A summary of the subject's zoning is presented in the following table:

ZONING	
<b>Municipality Governing Zoning:</b>	City of Philadelphia
<b>Current Zoning:</b>	CMX-3
<b>Current Use:</b>	Mid/High-Rise
<b>Is Current Use Permitted?</b>	Yes
<b>Change in Zone Likely:</b>	No
<b>Permitted Uses:</b>	Permitted uses within this district include multi-family, group living, and various institutional, commercial, office, and retail uses.

ZONING REQUIREMENTS	CODE	SUBJECT COMPLIANCE
Minimum Lot Area:	None	Complying
Maximum Building Height:	None	Complying
Maximum Floor Area Ratio (FAR):	5.0 times lot area	Pre-Existing, Non-Complying
Maximum Lot Coverage (% of Lot Area):	90.0%	Complying
Minimum Yard Setbacks		
Side (Feet):	8	Complying
Required On-Site Parking:		
Spaces per Unit:	3 spaces per unit	Pre-Existing, Non-Complying

*Compiled by Cushman & Wakefield of Pennsylvania, LLC*

### Zoning Compliance

Property value is affected by whether or not an existing or proposed improvement complies with zoning regulations, as discussed below.

#### Complying Uses

An existing or proposed use that complies with zoning regulations implies that there is no legal risk and that the existing improvements could be replaced "as-of-right."

#### Pre-Existing, Non-Complying Uses

In many areas, existing buildings pre-date the current zoning regulations. When this is the case, it is possible for an existing building that represents a non-complying use to still be considered a legal use of the property. Whether or not the rights of continued use of the building exist depends on local laws. Local laws will also determine if the existing building may be replicated in the event of loss or damage.

#### Non-Complying Uses

A proposed non-complying use to an existing building might remain legal via variance or special use permit. When appraising a property that has such a non-complying use, it is important to understand the local laws governing this use.

## Other Restrictions

We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or title company can usually uncover such restrictive covenants. We recommend a title examination to determine if any such restrictions exist.

## Zoning Conclusions

We analyzed the zoning requirements in relation to the subject property, and considered the compliance of the existing or proposed use. We are not experts in the interpretation of complex zoning ordinances but based on our review of public information, the subject property appears to be a pre-existing, non-complying use.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our study correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence.

We note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

## Valuation

### Highest and Best Use

#### Highest and Best Use Definition

*The Dictionary of Real Estate Appraisal*, Seventh Edition (2022), a publication of the Appraisal Institute, defines the highest and best use as:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

To determine the highest and best use we typically evaluate the subject site under two scenarios: as though vacant land and as presently improved. In both cases, the property's highest and best use must meet the four criteria described above.

#### Highest and Best Use of Site as though Vacant

##### Legally Permissible

The zoning regulations in effect at the time of the appraisal determine the legal permissibility of a potential use of the subject site. As described in the Zoning section, the subject site is zoned CMX-3 by the City of Philadelphia. Permitted uses within this district include multi-family, group living, and various institutional, commercial, office, and retail uses. We are not aware of any further legal restrictions that limit the potential uses of the subject. In addition, rezoning of the site is not likely due to the character of the area.

##### Physically Possible

The physical possibility of a use is dictated by the size, shape, topography, availability of utilities, and any other physical aspects of the site. The subject site contains 0.09 acres, or 3,872 square feet. The site is rectangular and level at street grade. It has excellent frontage, excellent access, and excellent visibility. The overall utility of the site is considered to be good. All public utilities are available to the site including public water and sewer, gas, electric and telephone. Overall, the site is considered adequate to accommodate most permitted development possibilities.

##### Financially Feasible and Maximally Productive

In order to be seriously considered, a use must have the potential to provide a sufficient return to attract investment capital over alternative forms of investment. A positive net income or acceptable rate of return would indicate that a use is financially feasible. Financially feasible uses are those uses that can generate a profit over and above the cost of acquiring the site, and constructing the improvements. Of the uses that are permitted, possible, and financially feasible, the one that will result in the maximum value for the property is considered the highest and best use.

## Conclusion

We considered the legal issues related to zoning and legal restrictions. We also analyzed the physical characteristics of the site to determine what legal uses would be possible, and considered the financial feasibility of these uses to determine the use that is maximally productive. Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as though vacant is for development with an apartment or other form of multi-family building built to its maximum feasible building area, as demand warrants.

## **Highest and Best Use of Property as Improved**

The Dictionary of Real Estate Appraisal defines highest and best use of the property as improved as:

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

In analyzing the Highest and Best Use of a property as improved, it is recognized that the improvements should continue to be used until it is financially advantageous to alter physical elements of the structure or to demolish it and build a new one.

### **Legally Permissible**

As described in the Zoning Analysis section of this report, the subject site is zoned CMX-3. The site is improved with a multi-family use containing 55,204 square feet of gross building area. In the Zoning section of this appraisal, we determined that the existing improvements represent a pre-existing, non-complying use. We also determined that the existing use is a permitted use in this zone.

### **Physically Possible**

The subject improvements were constructed in 1926 and were last renovated in 2022. We know of no current or pending municipal actions or covenants that would require a change to the current improvements.

### **Financially Feasible and Maximally Productive**

In the Reconciliation section, we estimate a market value for the subject property, as improved, of \$15,100,000. In our opinion, the improvements contribute significantly to the value of the site. It is likely that no alternative use would result in a higher value.

## **Conclusion**

It is our opinion that the existing improvements add value to the site as though vacant, dictating a continuation of its current use. It is our opinion that the Highest and Best Use of the subject property as improved is renovate the apartment building per the sponsor's provided plans, specifications and cost budget.

## **Most Likely Buyer**

Its size, type, and configuration make it ideally suited for multiple-tenant occupancy. An examination of recent rental activity in the area suggests that there is demand for similar space in such properties by tenants within the market, and recent comparable sales indicate such properties are typically purchased by real estate investors. As a result, we conclude that the most likely purchaser of the subject is an investor, who would typically rely on the income approach to value the property.

## Valuation Process

### Methodology

There are three generally accepted approaches to developing an opinion of value: Cost, Sales Comparison and Income Capitalization. We considered each in this appraisal to develop an opinion of the market value of the subject property. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

We considered each approach in developing our opinion of the market value of the subject property. We discuss each approach below and conclude with a summary of their applicability to the subject property.

#### Cost Approach

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the Highest and Best Use of the land; or when relatively unique or specialized improvements are located on the site for which there are few improved sales or leases of comparable properties.

In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect any value loss from physical, functional and external causes. Land value, entrepreneurial profit and depreciated improvement costs are then added, resulting in an opinion of value for the subject property.

#### Sales Comparison Approach

In the Sales Comparison Approach, sales of comparable properties are adjusted for differences to estimate a value for the subject property. A unit of comparison such as price per square foot of building area or effective gross income multiplier is typically used to value the property. When developing an opinion of land value the analysis is based on recent sales of sites of comparable zoning and utility, and the typical units of comparison are price per square foot of land, price per acre, price per unit, or price per square foot of potential building area. In each case, adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive an opinion of value for the subject property.

#### Income Capitalization Approach

In the Income Capitalization Approach the income-producing capacity of a property is estimated by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization. Related to the Direct Capitalization Method is the Yield Capitalization Method. In this method periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

## Summary

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value.

## Sales Comparison Approach

### Methodology

Using the Sales Comparison Approach, we developed an opinion of value by comparing the subject property to similar, recently sold properties in the surrounding or competing area. This approach relies on the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

By analyzing sales that qualify as arm's-length transactions between willing and knowledgeable buyers and sellers, we can identify value and price trends. The basic steps of this approach are:

- Research recent, relevant property sales and current offerings in the competitive area;
- Select and analyze properties that are similar to the subject property, analyzing changes in economic conditions that may have occurred between the sale date and the date of value, and other physical, functional, or locational factors;
- Identify sales that include favorable financing and calculate the cash equivalent price;
- Reduce the sale prices to a common unit of comparison such as price per unit or effective gross income multiplier;
- Make appropriate comparative adjustments to the prices of the comparable properties to relate them to the subject property; and
- Interpret the adjusted sales data and draw a logical value conclusion.

The most widely used and market-oriented unit of comparison for properties such as the subject is sales price per unit. All comparable sales were analyzed on this basis. The following contain a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process.

Comparable improved sale data sheets are presented in the Addenda of this report.

SUMMARY OF IMPROVED SALES										TRANSACTION INFORMATION					
No.	Property Name Address, City, State	Year Built	Year Renovated	No. of Units	Quality	Cond.	Grantor	Grantee	Sale Date	Sale Price	\$/Unit	NOU/Unit	OAR	Comments	
1	1930 Chestnut Street Philadelphia, PA	1929	2018	144	Good	Good (Upon Completion)	Center City Chestnut LLC	Republic Realty Apartments LLC	Jul-22	\$43,500,000	\$302,083	\$13,413	4.44%	This was part of a two-property portfolio sale, with the other property being The Broderick located at 1930 Walnut Street in Society Hill and consisting of 69 units. The Republic features studios, one-bedroom, and two-bedroom units with an average size of 695 square feet and 5,267 square feet of ground floor retail space. The property features a resident lounge, game room with billiards and shuffleboard, a fitness center, a conference room, and a social kitchen. The property is located in the desirable Rittenhouse Square neighborhood. Units feature quartz countertops, stainless steel appliances, wood-style flooring, in-unit washer and dryers, and oversized windows. Previous ownership had recently renovated 84 units and new ownership (Sentinel) has identified a substantial value-add to renovate the remaining 60 units. The total portfolio price for the two properties was \$68,500,000. The allocation (\$43,500,000) specific to the property was reported in the recorded deed.	
2	The Broderick 400 Walnut Street Philadelphia, PA	1906	1986	69	Average	Good	Center City Realty LLC	Broderick Realty Apartments LLC	Jul-22	\$25,000,000	\$362,319	\$17,754	4.90%	This was part of a two-property portfolio sale, with the other property being The Republic located at 1930 Chestnut Street in Rittenhouse Square and consisting of 144 units. The Broderick features one-bedroom and two-bedroom units with an average size of 854 square feet and 5,240 square feet of ground floor retail space. The property features a resident lounge with billiards and gathering space on the top floor and an entertaining kitchen. The property is located in the desirable Society Hill neighborhood. Units feature quartz countertops, stainless steel appliances, wood-style flooring, in-unit washer and dryers, and oversized French windows. Previous ownership had recently renovated 46 units and new ownership (Sentinel) has identified a substantial value-add to renovate the remaining 23 units. The total portfolio price for the two properties was \$68,500,000. The allocation (\$25,000,000) specific to the property was reported in the recorded deed.	
3	Lincoln-Rittenhouse 222 W. Rittenhouse Square Philadelphia, PA	1925	-	95	Average	Average	Rittenhouse Tower Assoc.	PMC Property Group	Feb-22	\$41,500,000	\$436,842	\$17,474	4.00%	This sale is of a 25 story, 95 unit apartment complex that sold for \$41,500,000/\$436,842 a unit. This sale is located adjacent from Rittenhouse Square, one of five original open-space public parks planned by William Penn, and fronts West Rittenhouse Square Road. This sale has a unit mix of studios, 1-bedroom, 2-bedroom, and 3-bedroom apartments.	
4	The Pepper Building 1830 Lombard Street Philadelphia, PA	1927	2011	184	Good	Good	The Carlyle Group	Korman Residential Properties	Aug-21	\$63,150,000	\$343,207	\$14,758	4.30%	This the sale of The Pepper Building, located at 1830 Lombard Street in the Rittenhouse section of Philadelphia, Pennsylvania and on the border of the Graduate Hospital area and is located next to Penn Medicine. The property is a 184-unit, 11-story luxury art deco-style high-rise. The property was originally constructed in 1927 and was renovated in 2011 to include a tower to the east side of the building containing 24 units. The property offers uninterrupted CBD/University City views, high ceilings, in-unit washer and dryers, oversized windows, and an open kitchen format with granite countertops and stainless steel appliances. Property amenities include a 24/7 front desk, private outdoor courtyard featuring lounge areas and gas grills, a well-equipped fitness center, business center, bike racks, storage lockers and 2-passenger elevators. The unit mix consists of one-bedroom and two-bedroom units.	
STATISTICS															
Low		1906	69	184					Aug-21	\$25,000,000	\$302,083	\$13,413	4.00%		
High		1929	184	123					Jul-22	\$63,150,000	\$436,842	\$17,754	4.90%		
Average		1922							Mar-22	\$43,287,500	\$361,113	\$15,849	4.41%		

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IMPROVED SALE ADJUSTMENT GRIB

## ECONOMIC ADJUSTMENTS (CUMULATIVE)

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## (1) Market Conditions Adjustment

Market Conditions Adjustment

See Variable Growth Rate Assumptions Table  
Date of Value (for adjustment calculations): 4/1/24

## Variable Growth Rate Assumptions

<b>Variable Growth Rate Assumptions</b>	
Starting Growth Rate:	3.0%
Inflection Point 1 (IP1):	3/1/2020
Change After IP1:	0.0%
Inflection Point 2 (IP2):	1/1/2022
Change After IP2:	3.0%
Inflection Point 3 (IP3):	6/15/2022
Change After IP3:	-3.0%

## PROPERTY CHARACTERISTIC ADJUSTMENTS (ADITIVE)

## ECONOMIC ADJUSTMENTS (CUMULATIVE)

1 Prop er ties		Per Unit Subtotal		Location		No. of Units (Size)		Age, Quality & Condition		Amenities		Utility		Economics		Other		Adj. \$/Unit		
		Per Unit	Subtotal	Similar	Inferior	Larger	10.0%	20.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	\$372,285	30.0%
1	1	\$286,373	-5.2%	0.0%	10.0%	10.0%	20.0%	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	\$372,285	30.0%
1	1	\$343,476	-5.2%	10.0%	0.0%	0.0%	0.0%	10.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	\$412,171	20.0%
1	1	\$418,083	-4.3%	0.0%	-10.0%	0.0%	10.0%	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	\$418,083	0.0%
1	1	\$329,294	-4.1%	10.0%	10.0%	10.0%	20.0%	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	Similar	0.0%	\$395,153	20.0%
																		Low -		
																		High -		
																		Average -		

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## (1) Market Conditions Adjustment

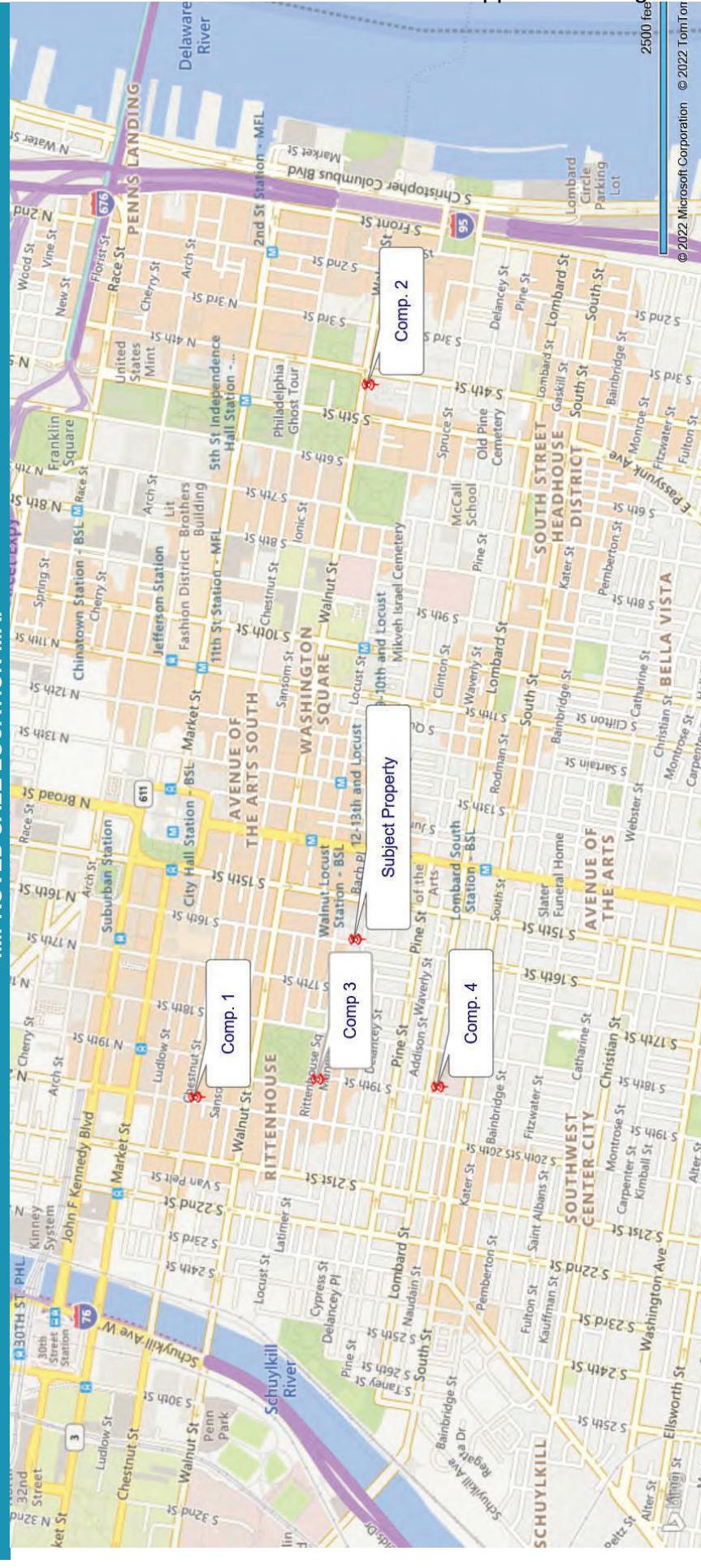
See Variable Growth Rate Assumptions Table  
Date of Value (for adjustment calculations): 4/1/24

<b>Variable Growth Rate Assumptions</b>	
Starting Growth Rate:	3.0%
Selection Point 1 (IP1):	<b>3/11/2020</b>
Change After IP1:	0.0%
Selection Point 2 (IP2):	<b>1/1/2022</b>
Change After IP2:	3.0%

### Inflection Point 3 (

508

**IMPROVED SALE LOCATION MAP**



## Percentage Adjustment Method

### Adjustment Process

The sales that we used were the best available comparables to the subject property. The major points of comparison for this type of analysis include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

The first adjustment made to the market data takes into account differences between the subject property and the comparable property sales with regard to the legal interest transferred. Advantageous financing terms or atypical conditions of sale are then adjusted to reflect a normal market transaction. Next, changes in market conditions must be accounted for, thereby creating a time adjusted price. Lastly, adjustments for location, physical traits and the economic characteristics of the market data are made in order to generate the final adjusted unit rate for the subject property.

We made a downward adjustment to those comparables considered superior to the subject and an upward adjustment to those comparables considered inferior. Where expenditures upon sale exist, we included them in the sales price.

### Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the price that is paid. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the fee simple interest as reflected by each of the comparables, an adjustment for property rights is not required.

### Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arm's-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments are required.

### Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments are required.

### Market Conditions

The sales that are included in this analysis occurred between August 2021 and July 2022, which were adjusted to the date of value using inflection points. Please refer to the adjustment grid for details on these assumptions.

## Location

An adjustment for location is required when the location characteristics of a comparable property differ from those of the subject property. The subject benefits from an excellent location in Center City Philadelphia. We made downward adjustments to those comparables considered superior in location when compared to the subject. Conversely, upward adjustments were made to those comparables considered inferior. Overall, the subject's location is considered excellent within its market. Each comparable is adjusted accordingly, if applicable.

## Physical Traits

Each property has various physical traits that determine its appeal. These traits include size, age, condition, quality, parking ratio and utility. Each comparable is adjusted accordingly, if applicable.

- Size has an impact on unit sale prices. Smaller properties tend to sell for more per unit than larger properties. The subject contains 61 units, while the comparables contain between 69 and 184 units. Each of the sales were adjusted for material differences in size when compared to the subject.
- The subject was built in 1926 and is currently a good quality property that will be in good (upon completion) condition. Unit finishes include city views, granite countertops, gas ranges, stainless steel appliances, walk-in closets, central air conditioning, hardwood floors and fully equipped kitchens. The sales, which were built between 1906 and 1929, were adjusted where there are material differences in age, quality and condition when compared to the subject.
- In terms of property amenities offered, the subject features controlled access, doorman, security cameras, fitness center, on-site property management and leasing center and laundry facilities. The sales with material differences in property amenities offered were adjusted accordingly.

## Utility

The subject is a 17 stories, 2 passenger elevators apartment. The comparables are all similar in terms of property type, and are 11 to 25 stories in height.

## Economic Characteristics

This adjustment is used to reflect differences in occupancy levels, operating expense ratios, tenant quality, and other items not covered under prior adjustments that would have an economic impact on the transaction. Each comparable is adjusted accordingly, if applicable.

## Other

This category accounts for any other adjustments not previously discussed. Based on our analysis of these sales, none require any additional adjustment.

## Summary of Percentage Adjustment Method

We used the Sales Comparison Approach to estimate the Prospective Market Value Upon Stabilization of the subject property. From that value, we make certain adjustments to derive the Upon Completion and As-Is Market Value. Prior to adjustments the comparable improved sales reflect unit prices ranging from \$302,083 to \$436,842 per unit with an average pre adjusted price of \$361,113 per unit. After adjustments the comparable improved sales reflect unit prices ranging from \$372,285 to \$418,083 per unit with an average adjusted price of \$399,423 per unit.

Therefore, we conclude that the indicated value by the Percentage Adjustment Method is:

<b>PERCENT ADJUSTMENT METHOD SUMMARY</b>	
<b>Prospective Market Value Upon Stabilization</b>	<b>Per Unit</b>
Indicated Value per Unit	\$400,000
Num of Units	x 61
Preliminary Value	\$24,400,000
<b>Rounded to Nearest \$100,000</b>	<b>\$24,400,000</b>
Per Unit	\$400,000

<b>APPLICATION TO SUBJECT</b>	
<b>Prospective Value Upon Completion</b>	
<b>Prospective Market Value Upon Stabilization</b>	<b>\$24,400,000</b>
<b>LESS</b> Cash Flow Differential	(\$1,800,000)
Adjusted Value	\$22,600,000
<b>Rounded to Nearest \$100,000</b>	<b>\$22,600,000</b>
Per Unit	\$370,492

<b>APPLICATION TO SUBJECT</b>	
<b>Market Value As Is</b>	
<b>Prospective Market Value Upon Stabilization</b>	<b>\$24,400,000</b>
<b>LESS</b> Cash Flow Differential	(\$1,800,000)
<b>LESS</b> Cost of Renovations	(\$7,681,584)
Adjusted Value	\$14,918,416
<b>Rounded to Nearest \$100,000</b>	<b>\$14,900,000</b>
Per Unit	\$244,262

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## Adjustments to Preliminary Value

We used the Sales Comparison Approach to determine the Prospective Market Value Upon Stabilization of the subject property. From that value, we made certain adjustments, which are described as follows:

### Deductions for Cash Flow Differential

The subject property is not stabilized, so we made deductions for lease-up costs. These include rent loss, expense carry, leasing commissions, free rent, and tenant improvements. Also inherent in the lease-up cost is a provision for entrepreneurial profit to reflect the risks of investing in a property with vacant space. The lease-up cost associated with bringing the subject property to stabilized occupancy represents the difference between the values reflected in the Yield Capitalization models "Upon Completion" and "Prospective Value Upon Stabilization" as presented in the Income Capitalization Approach section of the report. Entrepreneurial profit is included in the difference between the discount rates. The differential in the two cash flows indicates the total lease-up cost summarized below:

<b>CASH FLOW DIFFERENTIAL</b>	
	<b>Value</b>
DCF Results "As Stabilized"	\$25,100,000
DCF Results "Upon Completion"	\$23,300,000
Equals: Cash Flow Differential	\$1,800,000

## Income Capitalization Approach

### Methodology

The Income Capitalization Approach is based on the principle that the value of a property is indicated by the net return to the property, or what is also known as the present worth of future benefits. The future benefits of income-producing multifamily properties is net income before debt service and depreciation, derived by a projection of income and expense, along with any expected reversionary proceeds from a sale.

The two most common methods of converting net income into value are direct capitalization and discounted cash flow analysis. In direct capitalization, net operating income is divided by an overall rate extracted from the market to indicate a value. In the discounted cash flow method, anticipated future net income streams and a reversionary value are discounted to provide an opinion of net present value at a chosen yield rate (internal rate of return or discount rate).

We relied solely on the discounted cash flow analysis to value the property upon completion. For the value upon stabilization, we used both Yield and Direct capitalization, and place slightly more emphasis on Yield Capitalization.

### Apartment Unit Rental Income Analysis

Earlier in the report we discussed the competitive market for apartment properties in the local area. Before we analyze the competitive properties, we will discuss certain aspects of the subject property, namely its anticipated occupancy and the quoted rent levels of its various unit types.

#### Unit Mix and Quoted Rents Upon Completion

UNIT MIX							Quoted Rents	
Unit Description								
No.	Plan	BR	BA	Total Units	Average Unit Size (SF)	Total (SF)	Average Monthly Rent	Average Monthly Rent PSF
1	1 BR	1	1.0	45	588	26,440	\$2,251	\$3.83
2	2 BR	2	2.0	14	950	13,300	\$3,254	\$3.43
3	PH	2	2.0	2	1,338	2,675	\$5,350	\$4.00
<b>MINIMUM</b>					<b>588</b>	<b>2,675</b>	<b>\$2,251</b>	<b>\$3.43</b>
<b>MAXIMUM</b>					<b>1,338</b>	<b>26,440</b>	<b>\$5,350</b>	<b>\$4.00</b>
<b>TOTAL/AVG.</b>				<b>61</b>	<b>695</b>	<b>42,415</b>	<b>\$2,582</b>	<b>\$3.74</b>

Based on rent roll dated: October 18, 2022

The subject property offers units ranging in size from 588 to 1,338 square feet, with an average size of 695 square feet. Quoted rents range from \$2,251 to \$5,350 per month.

In order to ascertain if the subject's quoted rents are market oriented, we will analyze rent levels at competing apartment complexes.

#### Establishing Market Rental Rates

In an effort to estimate the current market rent achievable for the subject's units, we surveyed several competitive apartment complexes. The competitive properties are presented on the following table.

## COMPETITIVE APARTMENT PROJECTS

## PROPERTY INFORMATION

No. S	PROPERTY NAME ADDRESS, CITY, STATE	PROPERTY INFORMATION						QUOTED RENT PER MONTH AVG.	QUOTED RENT \$SF/ MONTH AVG.	UNIT SIZE (SF) AVG.	BEDS/BATHS	NO. OF STORIES	OCC. RATE (%)	PROJECT AMENITIES	COMMENTS
		NO. OF UNITS	NET BLDG AREA	AVG. UNIT SIZE	YEAR BUILT	NO. OF STORIES	RENT INCLUSIONS								
1	The Wellington 135 S 19th St Philadelphia, PA	115	89,020	774	1925	15	99.0%	1BR/1BA 2BR/2BA	680 1,200	\$2,400 \$3,250	\$3.53 \$2.71	Trash and sewer	N/A	24 Hour Doorman, Business Center, Controlled Access, Laundry Facilities, Property Manager on Site, Media Center/Movie Theatre, Conference Rooms, Maintenance on site	N/A
2	The Touraine 1520 Spruce St Philadelphia, PA	128	183,689	1,435	1917	14	95.0%	1BR/1BA 2BR/2BA	986 1,751	\$2,900 \$3,439	\$2.94 \$1.96	N/A	N/A	Air conditioning, dishwasher, disposal, walk-in closets, stainless steel appliances, eat-in kitchen, and in-unit washer/dryer.	N/A
3	The Metropolitan 117 N 15th St Philadelphia, PA	120	101,344	845	1927	26	99.0%	1BR/1BA 2BR/2BA	785 1,220	\$2,173 \$2,845	\$2.77 \$2.33	Water, trash and sewer	N/A	Air conditioning, dishwasher, disposal, granite countertops, hardwood floors, walk-in closets, window coverings, and in-unit washer/dryer.	N/A
4	The Republic 1930 Chestnut St Philadelphia, PA	144	104,968	729	1920	22	94.0%	1BR/1BA 2BR/2BA	645 975	\$1,755 \$2,650	\$2.72 \$2.72	N/A	N/A	Quartz countertops in kitchen and bath, Stainless steel appliances, Subway tile kitchen back-splash, Luxury vinyl plank flooring, 9' ceilings, Oversize windows, Breath-taking views, Spacious closets, Tiled shower and tub surround, Full size washer & dryer in every unit, Sliding urban barn door (select units)	N/A
5	Versailles Apartments 1530 Locust St Philadelphia, PA	113	149,320	1,321	1929	15	97.0%					Trash removal	N/A	Solid natural finish walnut floors, Smart home features, Stainless steel appliances, Full size in-unit washer & dryer, Carrera marble kitchen backsplash, Solid wood kitchen cabinetry, Classic white wood slat window treatments, Custom tiled showers	N/A
6	2222 Rittenhouse 222 W Rittenhouse Sq Philadelphia, PA	96	103,932	1,083	1925	25	95.0%	1BR/1BA 2BR/2BA	989 1,250	\$2,980 \$3,635	\$3.01 \$3.07	Trash removal	N/A	Solid natural finish walnut floors, Smart home features, Newly renovated modern kitchens, Custom tiled bathrooms, Bamboo flooring, Walk-in closets & utility rooms with full-sized washer and dryer in select units, Custom mahogany blinds, Abundant storage, Stunning views of Rittenhouse Square and the Philadelphia skyline	N/A

## STATISTICS (Excluding Subject)

Low:

High:

Average:

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Including the subject property, the competitive market contains 716 units. The comparable projects range in size from 96 to 144 units. The comparables exhibit occupancy levels ranging from 94.0 percent to 99.0 percent, with an unweighted average of 96.5 percent.

## Analysis by Unit Type

In order to estimate the market rents for the various floor plans, the subject unit types have been compared with similar units in the comparable projects. The following is a discussion of each unit type.

### Analysis of One Bedroom Units

The quoted rents for one bedroom units in the marketplace are depicted in the following table:

COMPETITIVE RENTAL SUMMARY				
One Bedroom Units				
Name	Beds/ Baths	Avg. Unit Size	Quoted Rents	
			Avg. Quoted Rent (Month)	Avg. Quoted Rent Per SF/Month
<b>Subject Property</b>	<b>1BR/1BA</b>	<b>588</b>	<b>\$2,251</b>	<b>\$3.83</b>
The Wellington	1BR/1BA	680	\$2,400	\$3.53
The Touraine	1BR/1BA	986	\$2,900	\$2.94
The Metropolitan	1BR/1BA	785	\$2,173	\$2.77
The Republic	1BR/1BA	645	\$1,755	\$2.72
Versailles Apartments	1BR/1BA	989	\$2,980	\$3.01
222 Rittenhouse	1BR/1BA	594	\$2,091	\$3.52
<b>Low</b>		594	\$1,755	\$2.72
<b>High</b>		989	\$2,980	\$3.53
<b>Average</b>		780	\$2,383	\$3.08

The comparable one bedroom units range in size from 594 to 989 square feet. Quoted asking rents range from \$1,755 to \$2,980 per month. One bedroom unit rents for the subject are anticipated to be in-line with the market on a per month basis, albeit slightly higher than market on a per square foot basis. Nonetheless, the rents appear reasonable.

## Analysis of Two Bedroom Units

The quoted rents for two bedroom units in the marketplace are depicted in the following table:

COMPETITIVE RENTAL SUMMARY				
Two Bedroom Units				
Name	Beds/ Baths	Avg. Unit Size	Quoted Rents	
			Avg. Quoted Rent (Month)	Avg. Quoted Rent Per SF/Month
<b>Subject Property</b>	<b>2BR/2BA</b>	<b>950</b>	<b>\$3,254</b>	<b>\$3.43</b>
The Wellington	2BR/2BA	1,200	\$3,250	\$2.71
The Touraine	2BR/2BA	1,751	\$3,439	\$1.96
The Metropolitan	2BR/2BA	1,220	\$2,845	\$2.33
The Republic	2BR/2BA	975	\$2,650	\$2.72
Versailles Apartments	2BR/2BA	1,250	\$3,835	\$3.07
222 Rittenhouse	2BR/2BA	1,339	\$4,263	\$3.18
Low		975	\$2,650	\$1.96
High		1,751	\$4,263	\$3.18
<b>Average</b>		<b>1,289</b>	<b>\$3,380</b>	<b>\$2.66</b>

The comparable two bedroom units range in size from 975 to 1,751 square feet. Quoted asking rents range from \$2,650 to \$4,263 per month. Two bedroom unit rents for the subject are anticipated to be in-line with the market on a per month basis, albeit slightly higher than market on a per square foot basis. Nonetheless, the rents appear reasonable.

## Market Rent Conclusion

After analyzing the quoted rents and concessions at the subject property and comparables, we are able to estimate an effective market rent for each unit type. We estimated an effective market rent for each of the subject's unit types as follows:

Market Rent Estimate			
Unit Description		C&W Projection	
Plan	Average Unit Size (SF)	Monthly Market Rent	Monthly Market Rent PSF
1 BR	588	\$2,251	\$3.83
2 BR	950	\$3,254	\$3.43
PH	1,338	\$5,350	\$4.00
<b>TOTAL/AVG.</b>	<b>695</b>	<b>\$2,582</b>	<b>\$3.71</b>

*\*For rent comparison purposes, the average in-place monthly*

The potential gross rental revenue for the entire property at market rent levels is projected to be \$1,890,372, which equates to an average monthly rent of \$2,582 per unit or \$3.71 per square foot per month. The subject's projected rents appear reasonable today, and we do not anticipate much, if any, rent growth in the coming months. We have used the developer's projections in our analysis.

## Potential Gross Income Estimate

Our gross potential income conclusion is summarized below:

Potential Gross Income Estimate					
Unit Description		Potential Rent at Market			C&W Potential Gross Income
Plan	Average Unit Size (SF)	Monthly Rent at Market	Monthly Rent \$/SF	Annual Income At Market	Potential Gross Income
1 BR	588	\$101,279	\$172.37	\$1,215,342	\$1,215,342
2 BR	950	\$45,553	\$47.95	\$546,630	\$546,630
PH	1,338	\$10,700	\$8.00	\$128,400	\$128,400
<b>TOTAL/AVG.</b>	<b>695</b>	<b>\$157,531</b>	<b>\$228.32</b>	<b>\$1,890,372</b>	<b>\$1,890,372</b>

UNIT MIX								
Unit Description						Quoted Rents		
No.	Plan	BR	BA	Total Units	Average Unit Size (SF)	Total (SF)	Average Monthly Rent	Average Monthly Rent PSF
1	1 BR	1	1.0	45	588	26,440	\$2,251	\$3.83
2	2 BR	2	2.0	14	950	13,300	\$3,254	\$3.43
3	PH	2	2.0	2	1,338	2,675	\$5,350	\$4.00
<b>MINIMUM</b>					<b>588</b>	<b>2,675</b>	<b>\$2,251</b>	<b>\$3.43</b>
<b>MAXIMUM</b>					<b>1,338</b>	<b>26,440</b>	<b>\$5,350</b>	<b>\$4.00</b>
<b>TOTAL/AVG.</b>				<b>61</b>	<b>695</b>	<b>42,415</b>	<b>\$2,582</b>	<b>\$3.74</b>

Based on rent roll dated: October 18, 2022

### Concessions

Rental concessions are defined as a discount or other benefit offered by a landlord to induce a prospective tenant to enter into a lease. Rental concessions are typically features of slow rental markets and tend to disappear as the market tightens. As indicated in the analysis of quoted rents and concessions for the subject and comparable properties above, where concessions exist it is necessary to deduct the concessions from the full market rents to arrive at an effective market rent.

Concessions will be necessary during the initial lease-up of the subject. We recognize this rent loss in the vacancy estimate for the lease-up period that includes both physical and economic vacancy.

## Forecast Rental Revenue – Apartment Units

The following table summarizes the potential gross income anticipated in year one for the apartment units at the subject property.

FORECAST RENTAL REVENUE - APARTMENT UNITS	
Rental Revenue and Adjustments	Annual Rent
Potential Year One Rental Income	\$1,890,372
<i>Compiled by Cushman &amp; Wakefield of Pennsylvania, LLC</i>	

## Revenue & Expense Analysis

We developed an opinion of the property's annual income and operating expenses after reviewing both its historical performance and the operating performance of similar buildings. We analyzed each item of expense and developed an opinion regarding what an informed investor would consider typical.

An operating pro forma and our opinion of future income and expenses are presented on the following chart, followed by an analysis of subject property's revenue and expenses.

Cushman & Wakefield, Inc. recognizes the standards defined by the CRE Finance Council as the definitive standards by which operating expense data should be analyzed. All operating statements provided by ownership have been recast to reflect these categories, which are provided in the Glossary section of this Appraisal Report. In forecasting expenses, we relied on the owner's budgets and analyzed expense levels at competing properties. Our expense forecast is presented in the following table, followed by a discussion of each expense line item.

REVENUE AND EXPENSE ANALYSIS			SUBJECT PROPERTY						Cushman & Wakefield Forecast	
			Pro Forma			Cushman & Wakefield Forecast			Cushman & Wakefield Forecast	
			Year One <sup>(1)</sup>			Year Two <sup>(2)</sup>			Year Two <sup>(2)</sup>	
REVENUE	Total	Per Unit	Total	Per Unit	Total	Total	Per Unit	Total	Total	Per Unit
<b>Base Rental Revenue</b>										
Potential Rent at Market	\$1,890,372	\$30,990	\$11,890,372	\$30,990	\$30,990	\$1,947,083	\$31,919			
<b>Total Potential Gross Rental Revenue</b>	<b>\$1,890,372</b>	<b>\$30,990</b>	<b>\$11,890,372</b>	<b>\$30,990</b>	<b>\$30,990</b>	<b>\$1,947,083</b>	<b>\$31,919</b>			
<b>POTENTIAL GROSS REVENUE</b>	<b>\$1,890,372</b>	<b>\$30,990</b>	<b>\$11,890,372</b>	<b>\$30,990</b>	<b>\$30,990</b>	<b>\$1,947,083</b>	<b>\$31,919</b>			
Vacancy (Total Income)	(\$56,711)	(\$930)	(\$945,186)	(\$945,186)	(\$15,495)	(\$146,031)	(\$2,394)			
<b>Total Vacancy and Collection Loss</b>	<b>(\$56,711)</b>	<b>(\$930)</b>	<b>(\$945,186)</b>	<b>(\$15,495)</b>	<b>(\$15,495)</b>	<b>(\$146,031)</b>	<b>(\$2,394)</b>			
<b>EFFECTIVE GROSS REVENUE</b>	<b>\$1,833,661</b>	<b>\$30,060</b>	<b>\$945,186</b>	<b>\$15,495</b>	<b>\$15,495</b>	<b>\$1,801,052</b>	<b>\$29,525</b>			
<b>OPERATING EXPENSES</b>										
Property Insurance	\$33,550	\$550	\$33,550	\$550	\$550	\$34,557	\$567			
Utilities	\$39,650	\$650	\$39,650	\$650	\$650	\$40,840	\$670			
Repairs & Maintenance	\$61,000	\$1,000	\$61,000	\$1,000	\$1,000	\$62,830	\$1,030			
Management Fees	\$55,010	\$902	\$28,356	\$465	\$54,032	\$886				
Payroll & Benefits	\$61,000	\$1,000	\$61,000	\$1,000	\$1,000	\$62,830	\$1,030			
Advertising & Marketing	\$30,500	\$500	\$18,300	\$300	\$18,300	\$18,849	\$309			
General & Administrative	\$6,100	\$100	\$18,300	\$300	\$18,300	\$18,849	\$309			
Replacement Reserves	\$30,500	\$500	\$15,250	\$250	\$15,250	\$15,708	\$258			
<b>Total Operating Expenses</b>	<b>\$317,310</b>	<b>\$5,202</b>	<b>\$275,406</b>	<b>\$4,515</b>	<b>\$4,515</b>	<b>\$308,493</b>	<b>\$5,057</b>			
Real Estate Taxes	\$158,600	\$2,600	\$183,616	\$3,010	\$3,010	\$189,124	\$3,100			
<b>TOTAL EXPENSES</b>	<b>\$475,910</b>	<b>\$7,802</b>	<b>\$459,022</b>	<b>\$7,525</b>	<b>\$7,525</b>	<b>\$497,617</b>	<b>\$8,158</b>			
<b>NET OPERATING INCOME</b>	<b>\$1,357,751</b>	<b>\$22,258</b>	<b>\$486,164</b>	<b>\$7,970</b>	<b>\$7,970</b>	<b>\$1,303,434</b>	<b>\$21,368</b>			

(1) Year One Begins: 4/01/2023

(2) Stabilized Year Begins: 4/1/2024

Compiled by Cushman & Wakefield of Pennsylvania, LLC

## Discussion of Revenue Items

We analyzed each revenue item in making our forecast, with our conclusions summarized on the previous table. In most cases, our forecast is well supported by the comparable or budget information. However, in some cases, further clarification is provided as follows:

### Total Potential Gross Rental Revenue

Years	Per Unit	Totals
Pro Forma	\$30,990	\$1,890,372
<b>Cushman &amp; Wakefield - Forecast Year 1</b>	<b>\$30,990</b>	<b>\$1,890,372</b>
<b>Cushman &amp; Wakefield - Stabilized Year 2</b>	<b>\$31,919</b>	<b>\$1,947,083</b>

## Vacancy and Collection Loss

Vacancy and collection loss is a function of the interrelationship between absorption, lease expiration, renewal probability, estimated downtime between leases, and a collection loss factor based on the relative stability and credit of the subject's tenant base. The following table compares the subject's broader market, the submarket and directly competing properties.

VACANCY ANALYSIS		
Vacancy Statistics	Rate	Building Class and Market
Regional Vacancy Statistics	5.1%	Class A Multi-Family - Philadelphia REIS
Local Vacancy Statistics	6.9%	Class A Multi-Family - Center City REIS
Competitive Property Vacancy Statistics	3.5%	Competitive Set

*Compiled by Cushman & Wakefield of Pennsylvania, LLC*

After accounting for all factors, the total vacancy and collection loss is calculated as 7.50 percent. For the subject property vacancy and collection loss are applied against all income sources. In year one, vacancy and collection loss is projected to be \$945,186. Vacancy and credit loss totals \$146,031 in the first stabilized year. Of note, the initial year vacancy is estimated at 50 percent to reflect the lease-up costs associated with the property renovation and re-stabilization.

## Discussion of Expenses

We analyzed each expense item in making our forecast, with our conclusions summarized on the previous table. In most cases, our forecast is well supported by the comparable or budget information. However, in some cases, further clarification is provided in the following tables:

### Property Insurance

Property insurance expenses include coverage for general liability and loss or damage to the property caused by fire, lightning, vandalism, malicious mischief, additional perils fire, extended coverage and owner's liability coverage. Insurance costs are modeled in-line with other comparable properties.

Years	Per Unit	Totals
Pro Forma	\$550	\$33,550
Expense Comparable Low	\$325	-
Expense Comparable High	\$524	-
Expense Comparable Average	\$439	-
<b>Cushman &amp; Wakefield - Forecast Year 1</b>	<b>\$550</b>	<b>\$33,550</b>
<b>Cushman &amp; Wakefield - Stabilized Year 2</b>	<b>\$567</b>	<b>\$34,557</b>

### Utilities

This expense category includes expenses for fuel, gas, electricity, water and sewer, trash removal and other utilities. Utilities are generally property specific and vary considerably from property to property in the subject's market based on the utilities paid by the tenant and the owner, and the efficiency of the HVAC systems. Therefore, we considered on the subject's owner's budget.

Years	Per Unit	Totals
Pro Forma	\$650	\$39,650
Expense Comparable Low	\$300	-
Expense Comparable High	\$2,222	-
Expense Comparable Average	\$953	-
<b>Cushman &amp; Wakefield - Forecast Year 1</b>	<b>\$650</b>	<b>\$39,650</b>
<b>Cushman &amp; Wakefield - Stabilized Year 2</b>	<b>\$670</b>	<b>\$40,840</b>

### Repairs & Maintenance

This expense category includes all expenses incurred for general repairs and maintenance, including HVAC, electrical, plumbing, safety systems, roads and grounds, and pest control/exterminating. This expense category also typically includes all outside maintenance service contracts and the cost of maintenance and repairs supplies. The subject's expense is detailed in the following table.

Years	Per Unit	Totals
Pro Forma	\$1,000	\$61,000
Expense Comparable Low	\$669	-
Expense Comparable High	\$2,543	-
Expense Comparable Average	\$1,246	-
<b>Cushman &amp; Wakefield - Forecast Year 1</b>	<b>\$1,000</b>	<b>\$61,000</b>
<b>Cushman &amp; Wakefield - Stabilized Year 2</b>	<b>\$1,030</b>	<b>\$62,830</b>

### Management Fees

Management expenses typically include the costs paid for professional management services. Management services may be contracted for or provided by the property owner.

Years	Per Unit	Totals
Pro Forma	\$902	\$55,010
Expense Comparable Low	\$668	-
Expense Comparable High	\$1,474	-
Expense Comparable Average	\$875	-
<b>Cushman &amp; Wakefield - Forecast Year 1</b>	<b>\$465</b>	<b>\$28,356</b>
<b>Cushman &amp; Wakefield - Stabilized Year 2</b>	<b>\$886</b>	<b>\$54,032</b>

#### Payroll & Benefits

This expense category includes total payroll costs for on-site management and maintenance personnel including employee salaries, bonuses, payroll taxes, insurance and other benefits.

Years	Per Unit	Totals
Pro Forma	\$1,000	\$61,000
Expense Comparable Low	\$500	-
Expense Comparable High	\$3,208	-
Expense Comparable Average	\$1,499	-
<b>Cushman &amp; Wakefield - Forecast Year 1</b>	<b>\$1,000</b>	<b>\$61,000</b>
<b>Cushman &amp; Wakefield - Stabilized Year 2</b>	<b>\$1,030</b>	<b>\$62,830</b>

#### Advertising & Marketing

This expense category includes expenses related to advertising, promotion, sales, and publicity and all related printing, stationary, artwork, magazine space, internet/web site, broadcasting, and postage related to marketing.

Years	Per Unit	Totals
Pro Forma	\$500	\$30,500
Expense Comparable Low	\$0	-
Expense Comparable High	\$677	-
Expense Comparable Average	\$211	-
<b>Cushman &amp; Wakefield - Forecast Year 1</b>	<b>\$300</b>	<b>\$18,300</b>
<b>Cushman &amp; Wakefield - Stabilized Year 2</b>	<b>\$309</b>	<b>\$18,849</b>

#### General & Administrative

This expense category includes general and administrative expenses.

Years	Per Unit	Totals
Pro Forma	\$100	\$6,100
Expense Comparable Low	\$97	-
Expense Comparable High	\$743	-
Expense Comparable Average	\$361	-
<b>Cushman &amp; Wakefield - Forecast Year 1</b>	<b>\$300</b>	<b>\$18,300</b>
<b>Cushman &amp; Wakefield - Stabilized Year 2</b>	<b>\$309</b>	<b>\$18,849</b>

#### Replacement Reserves

This is an allowance that provides for the periodic replacement of building components that wear out more rapidly than the building itself and must be replaced during the building's economic life.

Years	Per Unit	Totals
Pro Forma	\$500	\$30,500
<b>Cushman &amp; Wakefield - Forecast Year 1</b>	<b>\$250</b>	<b>\$15,250</b>
<b>Cushman &amp; Wakefield - Stabilized Year 2</b>	<b>\$258</b>	<b>\$15,708</b>

#### Real Estate Taxes

A complete discussion of taxes for the subject property is included in the Real Property Taxes and Assessments section of this report. The subject's expense is detailed in the following table.

Years	Per Unit	Totals
Pro Forma	\$2,600	\$158,600
<b>Cushman &amp; Wakefield - Forecast Year 1</b>	<b>\$3,010</b>	<b>\$183,616</b>
<b>Cushman &amp; Wakefield - Stabilized Year 2</b>	<b>\$3,100</b>	<b>\$189,124</b>

#### Operating Expense Conclusion

We thoroughly analyzed the owner's budget and expense comparables to make our projections. We forecast total operating expenses for the subject property excluding real estate taxes to be \$5,057 per unit. The operating expense excluding real estate taxes projected for the subject property reflect an operating expense ratio at stabilization of 17.13 percent of effective gross income. The operating expense comparisons presented in the operating expense analysis table in the following section support our opinion of operating expenses for the subject property.

Years	Per Unit	Totals
Pro Forma	\$5,202	\$317,310
Expense Comparable Low	\$3,846	-
Expense Comparable High	\$10,625	-
Expense Comparable Average	\$5,855	-
<b>Cushman &amp; Wakefield - Forecast Year 1</b>	<b>\$4,515</b>	<b>\$275,406</b>
<b>Cushman &amp; Wakefield - Stabilized Year 2</b>	<b>\$5,057</b>	<b>\$308,493</b>

Another important ratio is the management fee, as percent of effective gross income. Our forecast management fee is 3.00 percent, which is within the range of comparable properties.

In addition, many investors analyze the ratio of vacancy and collection loss against adjusted rental revenue, and also against total income. The subject's forecast ratios are presented in the following table:

REVENUE AND EXPENSE METRICS		Cushman & Wakefield Forecast	
	Pro Forma	Year One <sup>(1)</sup>	Year Two <sup>(2)</sup>
	\$ Per Unit	\$ Per Unit	\$ Per Unit
Effective Gross Income (EGI*)	\$30,060	\$15,495	\$29,525
Total Expenses	\$7,802	\$7,525	\$8,158
Net Operating Income (NOI*)	\$22,258	\$7,970	\$21,368
	Ratio	Ratio	Ratio
OER* (Total Expense Excluding Real Estate Taxes as % of EGI)	17.30%	29.14%	17.13%
Mgt. Fee (% of EGI)	3.00%	3.00%	3.00%
V&C* (% of Total Revenue)	3.00%	50.00%	7.50%

(1) Year One Begins: 4/01/2023

(2) Stabilized Year Begins: 4/1/2024

Compiled by Cushman & Wakefield of Pennsylvania, LLC

\*EGI = Effective Gross Income  
 NOI = Net Operating Income

OER = Operating Expense Ratio  
 V&C = Vacancy and Collection Loss

## Operating Expense Comparables

The following table illustrates detailed expense levels for the buildings that have varying degrees of similarity with the subject property in terms of age, size, tenancy and quality. In our judgment, a reconciled expense figure of \$5,057 per unit (excluding real estate taxes) is reasonable for the subject property considering its age, size and budgeted expense figures.

		SUBJECT PROPERTY		COMPARABLES REVENUE AND EXPENSE ANALYSIS					
Property City	Philadelphia Pennsylvania 61	Philadelphia Pennsylvania 301 2019 Actual	Philadelphia Pennsylvania 99 2020 TTM	Philadelphia Pennsylvania 48 2020 TTM	Philadelphia Pennsylvania 277 2022 TTM	Philadelphia Pennsylvania 86 2020 Pro Forma	Philadelphia Pennsylvania 86 2020 Pro Forma	Min. Max and Average	
<b>EFFECTIVE GROSS REVENUE</b>									
<b>OPERATING EXPENSES</b>									
Property Insurance	\$567	1.92%	\$520	1.90%	\$401	1.22%	\$425	2.12%	
Utilities	\$670	2.27%	\$1,051	3.84%	\$583	1.78%	\$607	3.03%	
Repairs & Maintenance	\$1,030	3.49%	\$926	3.39%	\$669	2.04%	\$891	4.44%	
Management Fees	\$886	3.00%	\$759	2.78%	\$1,474	4.50%	\$802	4.00%	
Payroll & Benefits	\$1,030	3.49%	\$1,893	6.92%	\$1,092	3.33%	\$800	3.99%	
Advertising & Marketing	\$309	1.05%	\$78	0.29%	\$0	0.00%	\$677	1.91%	
General & Administrative	\$309	1.05%	\$97	0.35%	\$743	2.27%	\$283	1.41%	
Replacement Reserves	\$258	0.87%	\$200	0.73%	\$250	0.76%	\$259	1.29%	
<b>Total Operating Expenses</b>	<b>\$5,057</b>	<b>17.13%</b>	<b>\$5,524</b>	<b>20.20%</b>	<b>\$5,212</b>	<b>15.91%</b>	<b>\$4,067</b>	<b>20.27%</b>	

		COMPARABLES REVENUE AND EXPENSE ANALYSIS						
Property City	Philadelphia Pennsylvania 61	Philadelphia Pennsylvania 301 2019 Actual	Philadelphia Pennsylvania 99 2020 TTM	Philadelphia Pennsylvania 48 2020 TTM	Philadelphia Pennsylvania 277 2022 TTM	Philadelphia Pennsylvania 86 2020 Pro Forma	Philadelphia Pennsylvania 86 2020 Pro Forma	
<b>EFFECTIVE GROSS REVENUE</b>								
<b>OPERATING EXPENSES</b>								
Property Insurance	\$567	1.92%	\$520	1.90%	\$401	1.22%	\$425	2.12%
Utilities	\$670	2.27%	\$1,051	3.84%	\$583	1.78%	\$607	3.03%
Repairs & Maintenance	\$1,030	3.49%	\$926	3.39%	\$669	2.04%	\$891	4.44%
Management Fees	\$886	3.00%	\$759	2.78%	\$1,474	4.50%	\$802	4.00%
Payroll & Benefits	\$1,030	3.49%	\$1,893	6.92%	\$1,092	3.33%	\$800	3.99%
Advertising & Marketing	\$309	1.05%	\$78	0.29%	\$0	0.00%	\$677	1.91%
General & Administrative	\$309	1.05%	\$97	0.35%	\$743	2.27%	\$283	1.41%
Replacement Reserves	\$258	0.87%	\$200	0.73%	\$250	0.76%	\$259	1.29%
<b>Total Operating Expenses</b>	<b>\$5,057</b>	<b>17.13%</b>	<b>\$5,524</b>	<b>20.20%</b>	<b>\$5,212</b>	<b>15.91%</b>	<b>\$4,067</b>	<b>20.27%</b>
<b>Min. Max and Average</b>								

(1) Fiscal Year Beginning 4/01/2023  
Fiscal Year Ending: 3/31/2024  
Compiled by Cushman & Wakefield of Pennsylvania, LLC

The five expense comparables reflect operating expenses (excluding real estate taxes) ranging from \$3,846 to \$10,625 with an average of \$5,855 per unit.

Based on our analysis of the expense levels at comparable properties, we concluded that there is adequate support for our operating expense conclusions.

### Income and Expense Pro Forma

The following chart summarizes our opinion of income and expenses for year two, which is the first stabilized year in this analysis.

SUMMARY OF REVENUE AND EXPENSES				
Stabilized Year For Direct Capitalization:		Year Two		
REVENUE	Adjustments	Annual	\$/Per Unit	% of EGI
Base Rental Revenue		\$1,947,083	\$31,919	
<b>POTENTIAL GROSS REVENUE</b>		<b>\$1,947,083</b>	<b>\$31,919</b>	
Vacancy (Total Income)	7.50%	(\$146,031)	(\$2,394)	
<b>EFFECTIVE GROSS REVENUE</b>		<b>\$1,801,052</b>	<b>\$29,525</b>	<b>100.00%</b>
<b>OPERATING EXPENSES</b>				
Property Insurance		\$34,557	\$567	1.92%
Utilities		\$40,840	\$670	2.27%
Repairs & Maintenance		\$62,830	\$1,030	3.49%
Management Fees		\$54,032	\$886	3.00%
Payroll & Benefits		\$62,830	\$1,030	3.49%
Advertising & Marketing		\$18,849	\$309	1.05%
General & Administrative		\$18,849	\$309	1.05%
Replacement Reserves		\$15,708	\$258	0.87%
<b>Total Operating Expenses</b>		<b>\$308,493</b>	<b>\$5,057</b>	<b>17.13%</b>
Real Estate Taxes		\$189,124	\$3,100	10.50%
<b>TOTAL EXPENSES</b>		<b>\$497,617</b>	<b>\$8,158</b>	<b>27.63%</b>
<b>NET OPERATING INCOME</b>		<b>\$1,303,434</b>	<b>\$21,368</b>	<b>72.37%</b>

Compiled by Cushman & Wakefield of Pennsylvania, LLC

## Investment Considerations

Before determining the appropriate risk rate(s) to apply to the subject, a review of recent market conditions, particularly in the financial markets, is warranted. The following subsection provides review of these trends, ending with a summary of the investment considerations impacting the subject property. The trends are based upon the appraiser's market research, discussions with participants in the market, and the relative position of the subject property within its market.

The Commercial Real Estate (CRE) market is driven by investor demand and strong liquidity. Since its onset in March 2020, the COVID-19 pandemic has had a dramatic effect on both of these factors as the market navigated actual and perceived impact. We observed asset classes experiencing various impacts, both positive and negative. We observed that asset values can fall significantly in short periods of time if either demand or liquidity, often in conjunction with many other factors, change significantly. We also observed asset values rise based on new-found demand for sector or property characteristics. Either through empirical data or COVID fatigue, society and the market are perceiving that we are near the end of the pandemic. In fact, on September 18, 2022, President Biden announced that the pandemic was over. While some scientists, even in his own administration, are pushing back a little bit on that claim, almost all restrictions have been lifted, and activities such as travel and dining, are returning to or are at pre-pandemic levels. We are observing stabilizing trend lines in most asset classes as we see the effects of vaccinations and approach herd immunity. In spite of the threat of new variants, the uncertainty of the early months of the pandemic has been replaced with clearer expectations and forecasts of asset class and individual property performance. Of course, some uncertainty exists in most property types in terms of forecast demand, to varying degrees. As we have throughout the pandemic, Cushman & Wakefield is closely monitoring the latest developments resulting from the COVID-19 pandemic and recovery and its effect on the subject and its market.

## Overview

The world changed drastically in March 2020 with the onset of the COVID pandemic and its subsequent shutdowns that triggered the first recession in over a decade. While the downturn was short and steep, inflationary fears, supply chain issues, and subsequent COVID variants darkened the horizons. Nevertheless, the economy expanded by 5.7% in 2021, experiencing its largest annual increase since 1984. While clearly an impressive feat, it is also indicative of the damage caused by the coronavirus the prior year.

The recovery continues and even though GDP growth was negative for the first two quarters of 2022, we do not believe that the U.S. economy has entered another recession. A recession is officially determined by the Business Cycle Dating Committee of the National Bureau of Economics (NBER), and GDP is only one of several variables used to determine whether the economy is in a downturn. Aside from GDP, most other economic indicators point to expansion including a low, stable, unemployment rate coupled with record high job openings and strong demand across the board. While most leading economists do not expect the NBER to declare an official recession in the coming months, leading economic indicators do indicate that we are experiencing an economic slowdown.

In the current economic environment, any expansion is highly vulnerable to external shockwaves. The largest concerns are centered around the pandemic and the ongoing war in Ukraine. While China ended its lockdowns in early July, giving supply chains some much needed relief, the new Omicron variants BA.4 and BA.5 are casting a shadow, particularly as fall approaches. Further, the war in Ukraine rages on with no resolution in sight. This places extra pressure on supply chains, adds inflationary concerns, and dampens consumer confidence. Despite this, there are enough positive economic indicators signaling that a recession can still be avoided, or that if one were to occur, it would fall into the milder category.

Further considerations include:

- For August 2022, the Consumer Confidence Board's index rebounded more than expected, hitting 103.2. This is up notably from 95.3 in July, better than the forecasted rate of 97.7, and the first increase in over three months.
- Retail sales were sluggish in August 2022, increasing 0.3% over last month, as consumers fought to keep up with inflation. This total is not adjusted for inflation, which rose 0.1% in August, suggesting that spending slightly outpaced price increases.
- The Consumer Price Index (CPI) remained below its peak of 9.1% in June 2022 for the second consecutive month but remains stubbornly high at 8.3% for September 2022.
- The stock market had its worst first half-year performance in over 50 years. For the first six months of 2022, the S&P 500 dropped 20.6% (it's largest first half drop since 1970), the Dow was down 15% (its largest first half drop since 1962), and at nearly 25%, the NASDAQ saw its largest percentage drop in history.
- On September 21, 2022, the Federal Reserve raised the federal funds rate by 0.75%, for the third time this year after earlier 2022 increases of 0.50% and 0.25%. This brings the federal funds rate up to a range of 3.00-3.25%; its highest since 2008. Further, upcoming hikes have been speculated with a "terminal rate," or end point, reaching about 4.6% in 2023.

That being said, it is important to take in mind that data lags, and industry participants are still trying to accurately determine the pandemic's current effects on the commercial real estate market. In other sections of the report, we will discuss these effects and impacts on the immediate market and subject property in as much detail as possible. Therefore, we ask that you consider the following points:

- Right now, the Russian invasion of Ukraine, high inflation, the Federal Reserve's interest rate hikes, and continuing supply chain issues are further compounding market volatility. With this, it is important to take in mind that data lags, and industry participants are still trying to accurately determine some of the effects these events will, or have had, on the commercial real estate market.
- Inflation is expected to continue to rise through the end of the year and will begin tapering back in 2023; however, it has not yet manifested into many actual deal metrics. Market experts agree that we are in a sellers' market and expect to remain in one for the foreseeable future, as there remains ample money sitting on the sidelines waiting to be deployed.

COVID is now endemic; the once-novel coronavirus, COVID-19, will remain circulating and mutating, primarily remaining a threat to vulnerable population groups. In the meantime, businesses here in the US are now operating much as they did pre-pandemic. The economy, however, will continue to be impacted by the virus, mostly via the global supply chain.

## Economic Conditions & Current Trends

The NBER declares recessions months after the event is already underway. In the meantime, there are several reasons to believe that the U.S. is not currently in an economic recession. Primarily, even though GDP has declined for two consecutive quarters, that metric fails to capture key labor trends which are crucial to understanding business cycle inflection points. For example, a closer look at employment suggests robust labor demand characterized by strong hiring across sectors. In July 2022, the unemployment rate dropped to 3.5%, returning to the pre-pandemic level last seen in February 2020. Conversely, recessions typically are marked by an increase in the unemployment rate during the first six months of a downturn.

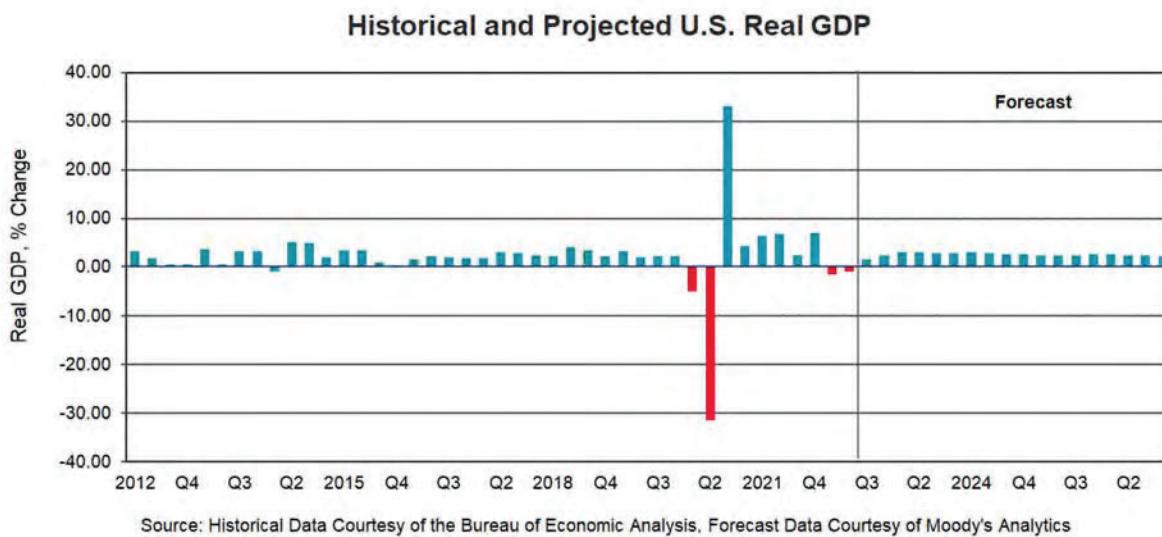
In addition to a healthy labor market, income and spending are still rising despite decades-high inflation. For the first five months of 2022, real personal income, or income excluding government transfer payments such as stimulus and social security payments, increased by 0.25%. Augmenting this is the fact that households have ample income buffers in the form of low debt burdens and stimulus savings, making the personal income picture look even brighter. Real personal consumer expenditures (PCEs) declined in May but, on average, remain higher than three and six months earlier, suggesting that consumers are still purchasing more goods and services. Spending would likely be even higher if supply-side factors, such as low inventories of automobiles and other goods, weren't constrained by supply chain bottlenecks.

While the labor market, as well as income and spending metrics, are not behaving like they normally would in a recession, neither is commercial real estate. Deeply linked to the health of the broader economy, and not tied to the stock market performance, commercial real estate fundamentals continued to improve for most sectors in the first half of 2022. Cushman & Wakefield reports industrial absorption hitting 236.3 million square feet in the first half of 2022, on par with last year's historic high, while retail absorption rose 270%, and demand for apartments remained resilient with 134,000 units absorbed, despite a cooling housing market.

Further considerations are as follows:

- The three major vaccines (Pfizer, Moderna and Johnson & Johnson) were all granted emergency use authorization in late 2020 and early 2021. In August 2021, the FDA approved the first COVID-19 vaccine which was known as the Pfizer-BioNTech COVID-19 Vaccine but is now being marketed as Comirnaty. A third vaccine shot, a booster shot, was approved in fall 2021, and a fourth one, already in use for those 50 and over, may be forthcoming this year for the wider populace.
- On February 24, 2022, Russia launched a full-scale invasion of Ukraine. Since then, the global oil market has been thrown into turmoil and has experienced unprecedented volatility. The Russian-Ukrainian War will have further impacts on the global supply chain in the coming year, particularly with wheat exports as both Russia and Ukraine export about 30% of the global wheat supply.
- On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 into law. This is a \$430 billion climate change, health care, and tax bill that aims to reduce carbon emissions while also cutting drug costs for the elderly. With \$370 billion focused on climate initiatives, it is the largest climate bill ever passed by Congress.

The following graph displays historical and projected U.S. real GDP percentage change (annualized on a quarterly basis) from first quarter 2014 through fourth quarter 2025:



Further points regarding current economic conditions are as follows:

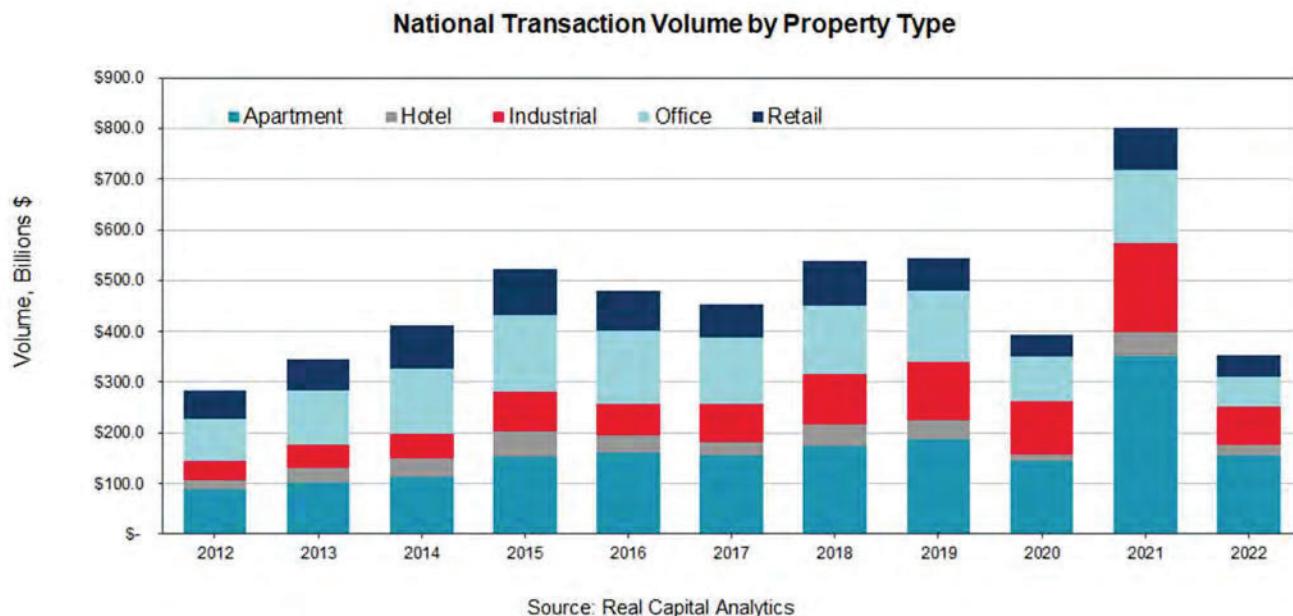
- Through second quarter 2022, GDP decreased 0.9% according to the Bureau of Economic Analysis' advanced estimate. First quarter 2022 ended the U.S. economy run of growth over the last six quarter and it is likely the U.S. economy entered into a recession at the end of the second quarter. Furthermore, GDP is expected to face pressure throughout the rest of the year as supply chain disruptions and rising inflation continues.
- Commercial and multifamily mortgage loan originations increased 72% in first quarter 2022 (latest data available) when compared to the first quarter of 2021, according to the Mortgage Bankers Association's Quarterly Survey of Commercial/Multifamily Mortgage Bankers. In line with seasonality trends, loan originations between the first three months of 2022 were 39% lower than first quarter 2021.
- Commercial mortgage-backed securities (CMBS) have been spurred by measured investment sales activity and stable credit spreads. Commercial Mortgage Alert data indicates that U.S. CMBS issuance through April 2022 was 0.3% lower when compared to CMBS issuance during the same period in 2021. Through July 2022, Commercial Mortgage Alert data indicates that U.S. CMBS issuance sat at approximately \$51.5 billion.

## U.S. Real Estate Market Implications

Through second quarter 2022, overall deal volume totaled almost \$354.1 billion, rising 40.6% in a year-over-year comparison. According to Real Capital Analytics (RCA), second quarter 2022 deal volume increased 18.2% from the previous year and totaled approximately \$178.8 billion during the quarter. Looking at individual property types, year-over-year transaction volume was up 17% for the office sector, 81% for retail, 35% for industrial, 2% for hotel and 53% for the apartment market.

Digging a bit deeper, portfolio and single asset deals were up 44% and 36%, respectively, from the first half of 2021. Individual assets are where the market is rebounding. Through second quarter 2022, there were \$280.8 billion in single asset sales, while portfolio deals totaled \$95 billion. Over the next few months, the U.S. real estate market will monitor the uncertainty surrounding rising interest rates, inflation and the war in Ukraine and its potential impacts on deal volume and pricing.

The following graph compares national transaction volume by property type from 2012 through mid-2022:



According to the PricewaterhouseCoopers (PwC) Real Estate Investor Survey, average cap rates for all property types increased in 23 survey markets, decreased in six, and held steady in six during third quarter 2022 (in a quarterly comparison). When compared to the previous year, 71% of the market averages are lower today than they were a year ago, with 20 markets posting double-digit decreases. Additionally, for all markets, the average cap rate change is a nine basis-point decline over last quarter.

The following chart displays an overall cap rate analysis of six distinct property classes during third quarter 2022, and compares them to the same time last year:

Overall Cap Rate Analysis			
Third Quarter 2022			
Asset Class	Q3 2022	Q3 2021	Basis Point Change
CBD Office	5.70%	5.80%	-10
Suburban Office	5.97%	6.07%	-10
National Warehouse	4.29%	4.43%	-14
National Apartment	4.75%	4.59%	16
National Regional Mall	7.23%	7.40%	-17
National Net Lease	6.13%	6.23%	-10

Source: PwC Real Estate Investor Survey and Cushman & Wakefield Valuation & Advisory

Notable points for the U.S. real estate market include:

- Annual price growth in the six major metro areas as defined by RCA (Boston, Chicago, Los Angeles, New York, San Francisco, and Washington DC), rose 11.7% in a year-over-year comparison through the end of third quarter 2022, according to RCA, while annual price growth in the non-major metros rose by 20.1% over the same time frame.

- Approximately 25% of participants in the PwC Real Estate Investor Survey believe that current market conditions favor buyers in the national net lease market. Investors are changing their strategies due to higher capital costs and rising interest rates. Additionally, overall cap rates in the net lease sector are expected to increase over the next six months, presenting a challenge for investors going forward.
- The national warehouse and national apartment markets recorded the largest yearly cap rate shifts. Overall cap rates in the national warehouse sector fell 14 basis points from the previous year, while overall cap rates in the national apartment sector jumped 16 basis points. Despite this, increasing construction costs, rising interest rates, and aggressive pricing are likely to present challenges for the national warehouse sector in 2023. Similarly, the rising cost of capital is causing Apartment sector acquisitions to slow right now as investors pause to assess the market or turn to debt-structured deals.
- At 7.7%, the Chicago office market average cap rate rose by 13 basis points from the previous year and is still the highest in the country. On the opposite end of the spectrum, the Washington, D.C. office market, at 5.2%, holds the lowest cap rate, falling 13 basis points from third quarter 2021.

Over the next six months, surveyed investors foresee overall cap rates increases in 16 markets, while cap rates are expected to hold steady in 13 markets.

## Conclusion

Despite the many obstacles that arose, it took about 20 months for the economy to fully recover from the pandemic's first blow. The economy continues to face several headwinds such as the Russian-Ukrainian war in Europe, high inflation, subsequent COVID waves, and supply chain issues caused by a combination of these factors. The Federal Reserve is tackling the inflation issue head-on, employment data is good, investment is robust, but the stock market's recent performance, consumer confidence and a possibly overvalued housing market are casting a shadow and will likely continue to dampen growth, at least somewhat, this year.

Below are notes regarding the outlook for the U.S. national real estate market for the second half of 2022 and beyond:

- Since last year, investment activity is up, and cap rates are down, overall. That said, some property types are still faring better, with industrial and multifamily leading the pack.
- Oil and gas prices have come down a bit, but tensions still run high as the crisis in Ukraine continues. The EU still plans to cut gas imports from Russia by two-thirds by next year but have stopped short of a total ban.
- To combat the current economic slowdown, the Federal Reserve has raised the federal funds rate five times this year, including three 75 basis point increases within a three-month period.

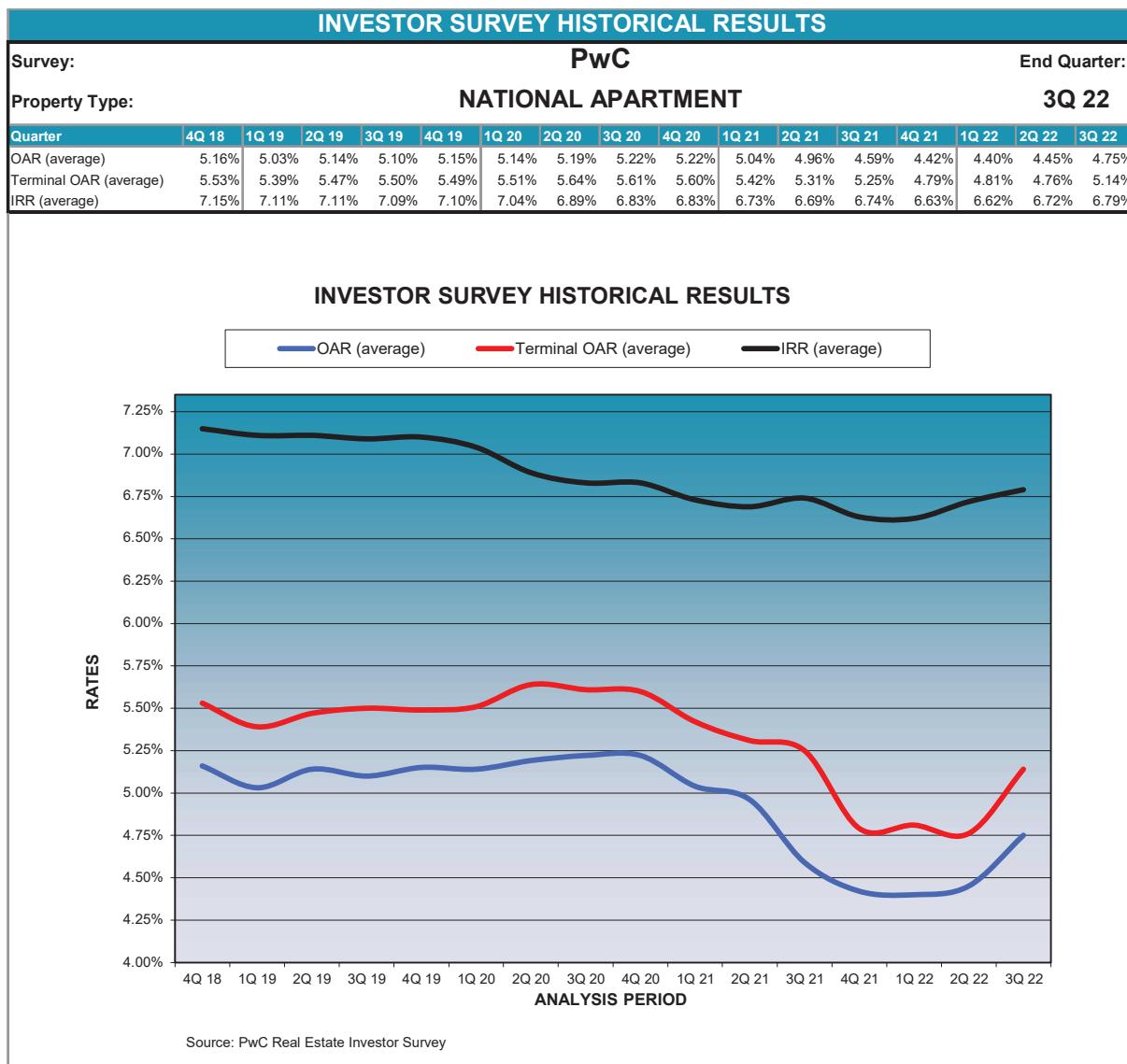
In addition to the above, factors listed in the following table have been considered in the valuation of the subject property and have an impact on the selection of all investor rates.

## INVESTMENT CONSIDERATIONS

<b>NOI Growth:</b>	The subject's NOI is expected to grow 3 percent per annum from the first stabilized year of the analysis through the holding period. This rate of growth is considered acceptable.
<b>Real Estate Market Trends:</b>	Real estate market trends have a significant bearing on the value of real property. The real estate market in which the subject property is located is currently declining.
<b>Property Rating:</b>	After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is good, when measured against other properties in this marketplace.
<b>Location Rating:</b>	After considering all of the locational aspects of the subject, including regional and local accessibility as well as overall visibility, we have concluded that the location of this property is excellent.
<b>Overall Investment Appeal:</b>	There are many factors that are considered prior to investing in this type of property. After considering all of these factors, we conclude that this property has good overall investment appeal.

## Investor Survey Trends

Historic trends in real estate investment help us understand the current and future direction of the market. Investors' return requirements are a benchmark by which real estate assets are bought and sold. The following graph shows the historic trends for the subject's asset class spanning a period of four years as reported in the PwC Real Estate Investor Survey published by PricewaterhouseCoopers.



## Capitalization Rate Analysis

On the following pages we discuss the process of how we determine an appropriate overall capitalization rate to apply to the subject's forecast net income.

## Capitalization Rate from Comparable Sales

CAPITALIZATION RATE SUMMARY			
No.	Name and Location	Sale Date	Capitalization Rate
1	1930 Chestnut 1930 Chestnut Street Philadelphia, PA	7/2022	4.44%
2	The Broderick 400 Walnut Street Philadelphia, PA	7/2022	4.90%
3	Lincoln-Rittenhouse 222 W. Rittenhouse Square Philadelphia, PA	2/2022	4.00%
4	The Pepper Building 1830 Lombard Street Philadelphia, PA	8/2021	4.30%

STATISTICS			
Sample Size	4	4	
Low	8/2021	4.00%	
High	7/2022	4.90%	
Median	4/2022	4.37%	
Average	3/2022	4.41%	

*Compiled by Cushman & Wakefield of Pennsylvania, LLC*

The foregoing rates are all pre-interest rate hikes by the Federal Reserve and do not reflect the current reality that borrowing costs are significantly higher now than just a few months ago.

## Capitalization Rate from Investor Surveys

We considered data extracted from the Investor Survey for institutional grade assets. Earlier in the report, we presented historical capitalization rates for the prior four-year period. The most recent information from this survey is listed in the following table:

CAPITALIZATION RATES			
Survey	Date	Range	Average
PwC Institutional	Third Quarter 2022	3.00% - 8.00%	4.75%
PwC Institutional - Refers to National Apartment market regardless of class or occupancy			

## Derivation of $R_o$ from Band of Investment

Most properties are purchased with debt and equity capital; therefore, the overall capitalization rate must satisfy the market return requirements of both investment positions. The lender/mortgagee must anticipate a rate of return that is appropriate for the investment's perceived risk in order to make the loan; the loan principal is typically repaid through periodic amortization payments. The equity investor/mortgagor must also anticipate a rate of return that is commensurate with the investment's perceived risk or they opt for an alternative investment. Thus, we analyze capitalization rates for debt and equity.

The capitalization rate for debt is known as the mortgage constant ( $R_M$ ); it is the ratio of annual debt service to the principal amount of the mortgage loan. A mortgage interest rate of 5.75 percent, coupled with an amortization term of 30 years, was employed to derive a mortgage constant of 7.00 percent. It is calculated as follows:

$$R_M = \frac{\text{Monthly Payment} \times 12}{\text{Amount of Loan}}$$

The monthly payment of a loan is calculated using the following formula:

$$\text{Monthly Payment} = \frac{\text{Interest Rate (i)}}{1 - \text{Present Value Factor}}$$

The Present Value Factor can be obtained from financial tables that show the six functions of a dollar.

The rate used to capitalize equity income is called the equity capitalization rate ( $R_E$ ); it is the ratio of annual pre-tax cash flow (usually in the first year of the holding period) to the amount of the equity investment.

The  $R_o$  indicated by the band of investment is a weighted average of the  $R_M$  and  $R_E$ . Using the loan-to-value ratio (M) and the equity ratio (E or 1-M) the  $R_o$  is calculated as follows:

$$R_o = (M \times R_M) + (E \times R_E)$$

#### Mortgage Terms

The following mortgage interest rate is based on periodic conversations with representatives of lending institutions providing local mortgage financing. Thus, given the physical and economic characteristics of the subject property, and on the basis of our research, the market terms for conventional loans made on properties similar to the subject are as follows:

MORTGAGE COMPONENT	
TYPICAL LOAN TERMS	
Mortgage Rate	5.75%
Amortization Term (Years)	30
Number of Payments	360
Loan-to-Value Ratio (M)	75.00%
Equity Ratio (E)	25.00%
Mortgage Constant ( $R_M$ )	7.00%

*Compiled by Cushman & Wakefield of Pennsylvania, LLC*

The preceding data are used in the development of an overall capitalization rate ( $R_o$ ) for the subject property using the Band of Investment Technique.

#### Equity Dividend Rate ( $R_E$ )

The Appraisal Institute defines equity dividend rate as an income rate that reflects the relationship between a single year's equity cash flow expectancy and the equity investment. Also known as the equity capitalization rate, cash on cash rate or cash flow rate, this rate is used to convert equity dividend into an equity value indication.

Our selected  $R_E$  is as follows:

EQUITY COMPONENT	
Equity Dividend Rate ( $R_E$ )	5.75%
<i>Compiled by Cushman &amp; Wakefield of Pennsylvania, LLC</i>	

#### Calculation of Overall Capitalization Rate ( $R_o$ )

The calculation of the overall capitalization rate ( $R_o$ ) using the band of investment technique is as follows:

<b><math>R_o</math> BY BAND OF INVESTMENT</b>	
Mortgage Ratio	75.00%
Annual Mortgage Constant	7.00%
Mortgage Component	5.25%
Equity Ratio	25.00%
Equity Dividend Rate	5.75%
Equity Component	1.44%
<b>Indicated Overall Rate (<math>R_o</math>)</b>	<b>6.69%</b>

Compiled by Cushman & Wakefield of Pennsylvania, LLC

## Market Participants Survey

C&W Investor Survey – We interviewed regional and local investors of comparable properties, as well as other market participants including investment sales brokers and comparable property owners, for their opinion on overall capitalization rates. The respondent's opinions are reflected as follows:

- Regional investment sales broker - 5.50% to 5.75%
- Regional sales broker - 5.50% to 5.50%

## Capitalization Rate Conclusion

We considered OARs indicated by sales of comparable properties, national investor surveys, and the opinions of brokers, owners, and prospective purchasers. The indications from these various sources are:

<b>CAPITALIZATION RATE SUMMARY</b>	
Comparable Sales	4.41%
PwC Institutional	4.75%
Market Participants	5.25%
Band-of-Investment	6.69%
Conclusion	5.25%

Compiled by Cushman & Wakefield of Pennsylvania, LLC

***We believe that data derived from our discussions with market participants most clearly reflects current market parameters. Given the property attributes and prevailing market return rates, we conclude that a 5.25 percent OAR is applicable to the subject NOI forecast. Our discussions with market participants indicate that with debt priced between 5.0% and 5.5% that the floor on cap rates is also in that range. The sales and PwC Survey are trailing indicators that have not reflected the current borrowing costs and associated investment rates.***

## Direct Capitalization Method Conclusion

In the Direct Capitalization Method, we developed an opinion of market value by dividing year two net operating income by our selected overall capitalization rate. Our conclusion using the Direct Capitalization Method is as follows:

<b>DIRECT CAPITALIZATION METHOD</b>		
<b>Prospective Market Value Upon Stabilization</b>		
<b>NET OPERATING INCOME</b>	<b>\$1,303,434</b>	<b>\$21,368</b>
<b>Sensitivity Analysis (0.25% OAR Spread)</b>	<b>Value</b>	<b>\$/Per Unit</b>
Based on Low-Range of 5.00%	\$26,068,689	\$427,356
Based on Most Probable Range of 5.25%	\$24,827,323	\$407,005
Based on High-Range of 5.50%	\$23,698,808	\$388,505
<b>Preliminary Value</b>	<b>\$24,827,323</b>	<b>\$407,005</b>
<b>Rounded to nearest \$100,000</b>	<b>\$24,800,000</b>	<b>\$406,557</b>

<b>APPLICATION TO SUBJECT</b>		
<b>Prospective Value Upon Completion</b>		
<b>Prospective Market Value Upon Stabilization</b>	<b>\$24,827,323</b>	<b>\$407,005</b>
LESS Cash Flow Differential	(\$1,800,000)	(\$29,508)
Indicated Value	\$23,027,323	\$377,497
<b>Rounded to nearest \$100,000</b>	<b>\$23,000,000</b>	<b>\$377,049</b>

<b>APPLICATION TO SUBJECT</b>		
<b>Market Value As Is</b>		
<b>Prospective Market Value Upon Stabilization</b>	<b>\$24,827,323</b>	<b>\$407,005</b>
LESS Cash Flow Differential	(\$1,800,000)	(\$29,508)
LESS Cost of Renovations	(\$7,681,584)	(\$125,928)
Indicated Value	\$15,345,739	\$251,569
<b>Rounded to nearest \$100,000</b>	<b>\$15,300,000</b>	<b>\$250,820</b>

Compiled by Cushman & Wakefield of Pennsylvania, LLC

## Adjustments to Preliminary Value

We used the Direct Capitalization to determine the Prospective Market Value Upon Stabilization of the subject property. From that value, we made certain adjustments, which are described as follows:

### Cash Flow Differential Calculation

The preceding analysis for the subject property considered the property upon stabilization. To develop an indication of the as is and upon completion values of the subject, we deducted the difference in value indicated by the two discounted cash flow valuations developed in the Income Capitalization Approach for the subject. The cash flow differential is calculated as follows:

<b>CASH FLOW DIFFERENTIAL</b>	
	<b>Value</b>
DCF Results "As Stabilized"	\$25,100,000
DCF Results "Upon Completion"	\$23,300,000
Equals: Cash Flow Differential	\$1,800,000

By deducting this cash flow differential, we are encapsulating all of the lease-up costs which occur during the initial few years of the investment holding period, such as free rent, and leasing commissions, as well as the rent loss due to the vacancy during lease-up. In addition, entrepreneurial profit for the lease-up is reflected within that differential amount, given the spread in the internal rates of return between the cash flow scenarios.

## Yield Capitalization Method

In the Yield Capitalization Method, we employed CW Excel Model software to model the income characteristics of the property and to make a variety of cash flow assumptions. We attempted to reflect the most likely investment assumptions of typical buyers and sellers in this market segment.

## General Cash Flow Assumptions

The start date of the Yield Capitalization analysis is April 01, 2023. We performed this analysis on a fiscal year basis. The analysis incorporates a forecast period of 12 years, and a holding period of 11 years.

The following table outlines the assumptions used in the Yield Capitalization analysis.

DISCOUNTED CASH FLOW MODELING ASSUMPTIONS		
VALUATION SCENARIO:	Market Value As-Is	
<b>GENERAL CASH FLOW ASSUMPTIONS</b>		<b>GROWTH RATES</b>
Cash Flow Software:	CW Excel Model	
Cash Flow Start Date:	04/01/2023	
Calendar or Fiscal Analysis:	Fiscal	
Investment Holding Period:	11 Years	
Analysis Projection Period:	12 Years	
<b>VACANCY &amp; COLLECTION LOSS</b>		<b>RATES OF RETURN</b>
Total Vacancy & Collection Loss:	7.50%	Internal Rate of Return (Cash Flow): 8.00%
		Internal Rate of Return (Reversion): 8.00%
<b>CAPITAL EXPENDITURES</b>		Terminal Capitalization Rate: 5.50%
Replacement Reserves (Per Unit):	\$250	Reversionary Sales Cost: 3.00%
		Basis Point Spread (OARout vs. OARin): 25 pts
<b>VALUATION</b>		
		Market Value As-Is: \$22,812,082
		Adjustments to Value: (\$7,681,584)
		Adjusted Value: \$15,130,498
		Rounded to nearest \$100,000: \$15,100,000
		Value \$/Per Unit: \$247,541

Compiled by Cushman & Wakefield of Pennsylvania, LLC

The following information was extracted from the PwC Investor Survey and was used to help determine our growth rate assumptions.

OTHER INVESTOR SURVEY INFORMATION			
Survey	Data	Range	Average
PwC Institutional Third Quarter 2022	Rent Change Rate	0.00% - 10.00%	3.83%
	Expense Change Rate	0.00% - 8.00%	3.42%

PwC Institutional - Refers to National Apartment market regardless of class or occupancy

## Financial Assumptions

The financial assumptions used in the Yield Capitalization process are discussed in the following commentary.

### Terminal Capitalization Rate Selection

A terminal capitalization rate was used to develop an opinion of the market value of the property at the end of the assumed investment holding period. The rate is applied to the net operating income following year 11 before making deductions for leasing commissions, tenant improvement allowances and reserves for replacement. We developed an opinion of an appropriate terminal capitalization rate based on rates in current investor surveys.

TERMINAL CAPITALIZATION RATES (OAR <sub>out</sub> )			
Survey	Date	Range	Average
PwC Institutional	Third Quarter 2022	3.50% - 8.00%	5.14%

PwC Institutional - Refers to National Apartment market regardless of class or occupancy

Investors will typically use a slightly more conservative overall rate when exiting an investment versus the rate that would be used going into the investment. This accounts both for the aging associated with the improvements over the course of the holding period, and for any unforeseen risks that might arise over that time period.

As a result, we applied a terminal rate of 5.50 percent in our analysis. This rate is 25 basis points above the overall rate going into the investment.

### **Reversionary Sales Costs**

We estimated the cost of sale at the time of reversion to be 3.00 percent, which is in keeping with local market practice.

### **Discount Rate Selection**

We developed an opinion of future cash flows, including property value at reversion, and discounted that income stream at an internal rate of return (IRR) currently required by investors for similar-quality real property. The IRR (also known as yield) is the single rate that discounts all future equity benefits (cash flows and equity reversion) to an opinion of net present value.

The PwC Investor survey indicates the following internal rates of return for competitive properties:

DISCOUNT RATES (IRR)			
Survey	Date	Range	Average
PwC Institutional	Third Quarter 2022	4.75% - 10.00%	6.79%
PwC Institutional - Refers to National Apartment market regardless of class or occupancy			

The above table summarizes the investment parameters of some of the most prominent investors currently acquiring similar investment properties in the United States. We realize that this type of survey reflects target rather than transactional rates. Transactional rates are usually difficult to obtain in the verification process and are actually only target rates of the buyer at the time of sale. The property's performance will ultimately determine the actual yield at the time of sale after a specific holding period.

We previously discussed all factors that would influence our selection of a discount rate for the subject property. Given all of these factors, we discounted our cash flow and reversionary value projections at an internal rate of return of 8.00 percent.

The CW Excel Model cash flow is presented on the following page. The cash flow commencement date is April 01, 2023.

### **Yield Capitalization Method Conclusion**

Our cash flow projection and valuation matrix are presented at the end of this section.

	1 Apr-23 Mar-24	2 Apr-24 Mar-25	3 Apr-25 Mar-26	4 Apr-26 Mar-27	5 Apr-27 Mar-28	6 Apr-28 Mar-29	7 Apr-29 Mar-30	8 Apr-30 Mar-31	9 Apr-31 Mar-32	10 Apr-32 Mar-33	11 Apr-33 Mar-34	12 Apr-34 Mar-35	Annual Growth Year 1 - Year 11	Annual Growth Year 1 - Year 11	Annual Growth Year 1 - Year 11
<b>For the Years Beginning</b>															
<b>For the Years Ending</b>															
<b>TOTAL REVENUE</b>															
Potential Rent at Market	\$1,947,083	\$2,005,496	\$2,065,661	\$2,127,630	\$2,191,459	\$2,257,203	\$2,324,919	\$2,394,667	\$2,466,507	\$2,540,502	\$2,616,717	\$2,693,027	3.00%	3.00%	3.00%
<b>TOTAL POTENTIAL GROSS REVENUE</b>	<b>\$1,890,372</b>	<b>\$1,947,083</b>	<b>\$2,005,496</b>	<b>\$2,065,661</b>	<b>\$2,127,630</b>	<b>\$2,191,459</b>	<b>\$2,257,203</b>	<b>\$2,324,919</b>	<b>\$2,394,667</b>	<b>\$2,466,507</b>	<b>\$2,540,502</b>	<b>\$2,616,717</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>
Vacancy (Total Income)	(\$146,031)	(\$150,412)	(\$154,925)	(\$159,572)	(\$164,359)	(\$169,290)	(\$174,369)	(\$179,600)	(\$184,988)	(\$190,538)	(\$196,254)	(\$196,254)	-14.80%	-14.80%	-14.80%
<b>EFFECTIVE GROSS REVENUE</b>	<b>\$945,186</b>	<b>\$1,801,052</b>	<b>\$1,855,083</b>	<b>\$1,910,736</b>	<b>\$1,968,058</b>	<b>\$2,027,100</b>	<b>\$2,087,913</b>	<b>\$2,150,550</b>	<b>\$2,215,067</b>	<b>\$2,281,519</b>	<b>\$2,349,964</b>	<b>\$2,420,463</b>	<b>9.54%</b>	<b>9.54%</b>	<b>9.54%</b>
<b>OPERATING EXPENSES</b>															
Real Estate Taxes	\$183,616	\$194,798	\$200,642	\$206,661	\$212,861	\$219,247	\$225,824	\$232,599	\$239,577	\$246,764	\$254,167	\$262,641	3.00%	3.00%	3.00%
Property Insurance	\$33,250	\$34,557	\$35,593	\$36,661	\$37,761	\$38,894	\$40,060	\$41,262	\$42,500	\$43,775	\$45,088	\$46,441	3.00%	3.00%	3.00%
Utilities	\$39,650	\$40,840	\$42,065	\$43,327	\$44,626	\$45,965	\$47,344	\$48,764	\$50,227	\$51,734	\$53,286	\$54,885	3.00%	3.00%	3.00%
Repairs & Maintenance	\$61,000	\$62,830	\$64,715	\$66,656	\$68,656	\$70,716	\$72,837	\$75,022	\$77,273	\$79,591	\$81,979	\$84,438	3.00%	3.00%	3.00%
Management Fees	\$28,356	\$34,032	\$55,653	\$57,322	\$59,042	\$60,813	\$62,637	\$64,517	\$66,462	\$68,446	\$70,499	\$72,614	9.54%	9.54%	9.54%
Payroll & Benefits	\$61,000	\$62,830	\$64,715	\$66,656	\$68,656	\$70,716	\$72,837	\$75,022	\$77,273	\$79,591	\$81,979	\$84,438	3.00%	3.00%	3.00%
Advertising & Marketing	\$18,300	\$18,849	\$19,414	\$19,997	\$20,597	\$21,215	\$21,851	\$22,507	\$23,182	\$23,877	\$24,594	\$25,331	3.00%	3.00%	3.00%
General & Administrative	\$18,300	\$18,849	\$19,414	\$19,997	\$20,597	\$21,215	\$21,851	\$22,507	\$23,182	\$23,877	\$24,594	\$25,331	3.00%	3.00%	3.00%
Replacement Reserves	\$15,250	\$15,708	\$16,179	\$16,684	\$17,164	\$17,679	\$18,209	\$18,756	\$19,318	\$19,898	\$20,495	\$21,110	3.00%	3.00%	3.00%
<b>TOTAL EXPENSES</b>	<b>\$459,022</b>	<b>\$497,617</b>	<b>\$512,546</b>	<b>\$527,922</b>	<b>\$543,760</b>	<b>\$560,073</b>	<b>\$576,875</b>	<b>\$594,181</b>	<b>\$612,007</b>	<b>\$630,367</b>	<b>\$649,278</b>	<b>\$668,756</b>	<b>3.53%</b>	<b>3.53%</b>	<b>3.00%</b>
<b>NET OPERATING INCOME</b>	<b>\$486,164</b>	<b>\$1,303,434</b>	<b>\$1,342,537</b>	<b>\$1,382,814</b>	<b>\$1,424,298</b>	<b>\$1,467,027</b>	<b>\$1,511,038</b>	<b>\$1,556,369</b>	<b>\$1,603,060</b>	<b>\$1,651,152</b>	<b>\$1,700,686</b>	<b>\$1,751,707</b>	<b>13.34%</b>	<b>13.34%</b>	<b>3.00%</b>
Implied Overall Rate	2.13%	5.71%													

The results of the Yield Capitalization analysis are presented in the following:

PRICING MATRIX - Market Value As-Is						
Terminal Cap Rates	Discount Rate					
	7.50%	7.75%	8.00%	8.25%	8.50%	
5.00%	\$ 25,165,320	\$ 24,644,585	\$ 24,137,061	\$ 23,642,372	\$ 23,160,152	
5.25%	\$ 24,434,936	\$ 23,932,628	\$ 23,443,024	\$ 22,965,764	\$ 22,500,497	
5.50%	\$ 23,770,952	\$ 23,285,395	\$ 22,812,082	\$ 22,350,666	\$ 21,900,811	
5.75%	\$ 23,164,705	\$ 22,694,442	\$ 22,236,004	\$ 21,789,055	\$ 21,353,271	
6.00%	\$ 22,608,978	\$ 22,152,736	\$ 21,707,932	\$ 21,274,245	\$ 20,851,360	
Cost of Sale at Reversion:			3.00%			
Percent Residual:			58.08%			
Preliminary Value			\$22,812,082			
Adjustments to Value:			-\$7,681,584			
Adjusted Value			\$15,130,498			
<b>Rounded to nearest \$100,000</b>			<b>\$15,100,000</b>			

Based on the rates selected, the value via the Yield Capitalization analysis is estimated at \$15,100,000, rounded.

## Additional Valuation Scenarios & Assumptions

As the property is not currently operating at stabilized occupancy, we also prepared the prospective values discussed in the following:

### Yield Capitalization Method Conclusion – Prospective Value Upon Completion

The following table summarizes the parameters used to determine the prospective value of the subject property upon completion of construction. The value conclusion is also presented in the following table:

DISCOUNTED CASH FLOW MODELING ASSUMPTIONS		
VALUATION SCENARIO:	Prospective Market Value Upon Completion	
ADDITIONAL ASSUMPTIONS	VALUATION	
Holding Period:	11 Years	\$23,285,395
Projection Period:	12 Years	\$0
Start Date:	04/01/2023	
Internal Rate of Return: (Cash Flow)	7.75%	
Internal Rate of Return: (Reversion)	7.75%	
Terminal Capitalization Rate:	5.50%	\$23,285,395
Reversionary Sales Cost:	3.00%	\$23,300,000
	Adjusted Value	\$381,967
	<b>Rounded to nearest \$100,000</b>	
	Value \$/Per Unit	

Compiled by Cushman & Wakefield of Pennsylvania, LLC

The value matrix correlating to this valuation is presented in the following table:

PRICING MATRIX - Prospective Market Value Upon Completion						
Terminal Cap Rates	Discount Rate					
	7.25%	7.50%	7.75%	8.00%	8.25%	
5.00%	\$ 25,699,653	\$ 25,165,320	\$ 24,644,585	\$ 24,137,061	\$ 23,642,372	
5.25%	\$ 24,950,322	\$ 24,434,936	\$ 23,932,628	\$ 23,443,024	\$ 22,965,764	
5.50%	\$ 24,269,112	\$ 23,770,952	\$ 23,285,395	\$ 22,812,082	\$ 22,350,666	
5.75%	\$ 23,647,138	\$ 23,164,705	\$ 22,694,442	\$ 22,236,004	\$ 21,789,055	
6.00%	\$ 23,076,995	\$ 22,608,978	\$ 22,152,736	\$ 21,707,932	\$ 21,274,245	
Cost of Sale at Reversion:			3.00%			
Percent Residual:			58.37%			
<b>Rounded to nearest \$100,000</b>			<b>\$23,300,000</b>			

Based on the rates selected, the value via the Yield Capitalization analysis is estimated at \$23,300,000, rounded.

### Yield Capitalization Method Conclusion – Prospective Value Upon Stabilization

The following table summarizes the parameters used to determine the prospective value of the subject property upon stabilization. The value conclusion is also presented in the following table:

DISCOUNTED CASH FLOW MODELING ASSUMPTIONS		
VALUATION SCENARIO:	Prospective Market Value Upon Stabilization	
ADDITIONAL ASSUMPTIONS	VALUATION	
Holding Period:	10 Years	\$25,067,609
Projection Period:	11 Years	\$0
Start Date:	04/01/2024	
Internal Rate of Return: (Cash Flow)	7.50%	\$25,067,609
Internal Rate of Return: (Reversion)	7.50%	\$25,100,000
Terminal Capitalization Rate:	5.50%	\$411,475
Reversionary Sales Cost:	3.00%	
<i>Compiled by Cushman &amp; Wakefield of Pennsylvania, LLC</i>		

The value matrix correlating to this valuation is presented in the following table:

PRICING MATRIX - Prospective Market Value Upon Stabilization						
Terminal	Discount Rate					
	Cap Rates	7.00%	7.25%	7.50%	7.75%	8.00%
5.00%	\$ 27,599,179	\$ 27,076,713	\$ 26,566,554	\$ 26,068,376	\$ 25,581,862	
5.25%	\$ 26,776,546	\$ 26,273,056	\$ 25,781,392	\$ 25,301,242	\$ 24,832,302	
5.50%	\$ 26,028,698	\$ 25,542,458	\$ 25,067,609	\$ 24,603,848	\$ 24,150,884	
5.75%	\$ 25,345,880	\$ 24,875,391	\$ 24,415,893	\$ 23,967,097	\$ 23,528,720	
6.00%	\$ 24,719,964	\$ 24,263,912	\$ 23,818,487	\$ 23,383,408	\$ 22,958,402	
Cost of Sale at Reversion:			3.00%			
Percent Residual:			59.80%			
<b>Rounded to nearest \$100,000</b>						<b>\$25,100,000</b>

Based on the rates selected, the value via the Yield Capitalization analysis is estimated at \$25,100,000, rounded.

## Reconciliation within the Income Capitalization Approach

Under current market conditions buyers are placing emphasis on the Discounted Cash Flow Method over the Direct Capitalization Method for non-stabilized assets. The following is a summary of our concluded values in the Income Capitalization Approach:

INCOME CAPITALIZATION APPROACH CONCLUSION						
Methodology	Market Value		Prospective Market Value		Prospective Market Value	
	As-Is	Per Unit	Upon Completion	Per Unit	Upon Stabilization	Per Unit
Yield Capitalization	\$15,100,000	\$247,541	\$23,300,000	\$381,967	\$25,100,000	\$411,475
Direct Capitalization	\$15,300,000	\$250,820	\$23,000,000	\$377,049	\$24,800,000	\$406,557
<b>Income Approach Conclusion</b>	<b>\$15,100,000</b>	<b>\$247,541</b>	<b>\$23,300,000</b>	<b>\$381,967</b>	<b>\$25,100,000</b>	<b>\$411,475</b>

*Compiled by Cushman & Wakefield of Pennsylvania, LLC*

## Reconciliation and Final Value Opinion

### Valuation Methodology Review and Reconciliation

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value.

The approaches indicated the following:

FINAL VALUE RECONCILIATION						
	Market Value As-Is	Per Unit	Prospective Market Value Upon Completion	Per Unit	Prospective Market Value Upon Stabilization	Per Unit
Date of Value	October 18, 2022		April 1, 2023		April 1, 2024	
<b>Sales Comparison Approach</b>						
Percentage Adjustment Method	\$14,900,000	\$244,262	\$22,600,000	\$370,492	\$24,400,000	\$400,000
<b>Conclusion</b>	<b>\$14,900,000</b>	<b>\$244,262</b>	<b>\$22,600,000</b>	<b>\$370,492</b>	<b>\$24,400,000</b>	<b>\$400,000</b>
<b>Income Capitalization Approach</b>						
Yield Capitalization	\$15,100,000	\$247,541	\$23,300,000	\$381,967	\$25,100,000	\$411,475
Direct Capitalization	\$15,300,000	\$250,820	\$23,000,000	\$377,049	\$24,800,000	\$406,557
<b>Conclusion</b>	<b>\$15,100,000</b>	<b>\$247,541</b>	<b>\$23,300,000</b>	<b>\$381,967</b>	<b>\$25,100,000</b>	<b>\$411,475</b>
<b>Final Value Conclusion</b>	<b>\$15,100,000</b>	<b>\$247,541</b>	<b>\$23,300,000</b>	<b>\$381,967</b>	<b>\$25,100,000</b>	<b>\$411,475</b>

Compiled by Cushman & Wakefield of Pennsylvania, LLC

We gave most weight to the Income Capitalization Approach because this mirrors the methodology used by purchasers of this property type (i.e., an income-producing property). The quantity and quality of the data for the Income Capitalization Approach is considered very good. Investment rates of return used for converting net income into value were derived via extraction from recent sales of similar apartments in the area, investor surveys (national), discussions with local market participants. The value from the Income Capitalization Approach is well supported by the value indicated by the secondary approach to value – the Sales Comparison Approach. The quantity and quality of data used for this approach is good.

Value Conclusions			
Appraisal Premise	Real Property Interest	Date of Value	Value Conclusion
Market Value As-Is	Fee Simple	October 18, 2022	\$15,100,000
Prospective Market Value Upon Completion	Leased Fee	April 1, 2023	\$23,300,000
Prospective Market Value Upon Stabilization	Leased Fee	April 1, 2024	\$25,100,000

Compiled by Cushman & Wakefield of Pennsylvania, LLC

The implied “going in” capitalization rate is 5.19 percent. The overall capitalization rates derived from the improved property sales are between 4.00 percent and 4.90 percent, averaging 4.41 percent. The implied going-in cap rate is higher than the going-in capitalization rates indicated by the sales due to current market conditions. It is also higher than the most recent Investor Surveys.

### Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

The prospective market value estimate is based upon market participant attitudes and perceptions existing as of the effective date of our appraisal, and assumes the subject property is completed and/or achieves stabilization as of our prospective date. We assume no material change in the physical characteristics and condition of the subject property or in overall market conditions between the date of inspection and effective date of value, except for those identified within the report.

It is assumed that the proposed improvements are constructed in a quality manner in accordance with the information communicated to us by the developer. If the design or quality differs from that which has been considered herein, the value conclusions could be impacted accordingly. Any undue delay in the construction timeline could materially impact the value conclusion reported herein.

## Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

## Exposure Time and Marketing Time

Based on our review of national investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately six-twelve (6-12) months. This assumes an active and professional marketing plan would have been employed by the current owner.

We believe, based on the assumptions employed in our analysis, as well as our selection of investment parameters for the subject, that our value conclusion represents a price achievable within six-twelve (6-12) months.

## Assumptions and Limiting Conditions

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"Cushman & Wakefield" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of Cushman & Wakefield who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor Cushman & Wakefield shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of Cushman & Wakefield any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of Cushman & Wakefield is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without Cushman & Wakefield's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by Cushman & Wakefield in writing to use or rely thereon, hereby agrees to indemnify and hold Cushman & Wakefield, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. Cushman & Wakefield assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. Cushman & Wakefield recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and Cushman & Wakefield make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. Cushman & Wakefield recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. Cushman & Wakefield recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of Cushman & Wakefield, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against Cushman & Wakefield or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by Cushman & Wakefield or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and Cushman & Wakefield, its employees and the Appraiser have no liability to such recipients. Cushman & Wakefield disclaims any and all liability to any party other than the party that retained Cushman & Wakefield to prepare the Report.
- Any estimate of insurable replacement cost/insurable value, if included within the agreed upon scope of work and presented within this report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.
- Unless otherwise noted, we were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
- Unless otherwise noted, we were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
- Unless otherwise noted, we were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
- Unless otherwise noted, we observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
- Unless otherwise noted, we did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

## Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Erick Mazzoni, MAI, CRE, MRICS did make a personal inspection of the property that is the subject of this report. Peter Lane, MAI and John R. Vincent III did not make a personal inspection of the property that is the subject of this report.
- Peter Lane, MAI has provided prior services within the three-year period immediately preceding acceptance of this assignment, which included two appraisal assignments, but has provided no other services as an appraiser or in any other capacity.
- Erick Mazzoni, MAI, CRE, MRICS has provided prior services within the three-year period immediately preceding acceptance of this assignment, which included two appraisal assignments, but has provided no other services as an appraiser or in any other capacity.
- John R. Vincent III has not provided prior services, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this assignment.
- No one provided significant real property appraisal assistance to the persons signing this report.
- As of the date of this report, Peter Lane, MAI and Erick Mazzoni, MAI, CRE, MRICS have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, John R. Vincent III has completed all the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.



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Peter Lane, MAI  
Senior Director  
PA Certified General Appraiser  
Certificate No. GA003884  
peter.lane@cushwake.com  
215-963-4031 Office Direct



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Erick Mazzoni, MAI, CRE, MRICS  
Senior Managing Director - Market Lead Northeast  
PA Certified General Appraiser  
Certificate No. GA003666  
215-963-4132 Office Direct



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John R. Vincent III  
Pennsylvania Appraiser Trainee  
License No. LAT001191  
215-963-4125 Office Direct

## Addenda Contents

- Addendum A: Glossary of Terms & Definitions
- Addendum B: Engagement Letter
- Addendum C: Comparable Improved Sale Data Sheets
- Addendum D: Property Information
- Addendum E: Qualifications of the Appraiser

## Addendum A: Glossary of Terms & Definitions

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Sixth Edition (2015), published by the Appraisal Institute, Chicago, IL, as well as other sources.

### As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-P 20%)

### Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

### Cash Equivalency

An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash.

### Depreciation

1. In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method.

### Disposition Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer and seller is each acting prudently and knowledgeably.
- The seller is under compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider their best interest.
- An adequate marketing effort will be made in the limited time allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. In the case of Disposition value, the seller would be acting under compulsion within a limited future marketing period.

### Ellwood Formula

A yield capitalization method that provides a formulaic solution for developing a capitalization rate for various combinations of equity yields and mortgage terms. The formula is applicable only to properties with stable or stabilized income streams and properties with income streams expected to change according to the J- or K-factor pattern. The formula is

$$RO = [YE - M (YE + P 1/Sn - RM) - \Delta O 1/S n] / [1 + \Delta I J]$$

where

RO = Overall Capitalization Rate

YE = Equity Yield Rate

M = Loan-to-Value Ratio

P = Percentage of Loan Paid Off

1/S n = Sinking Fund Factor at the Equity Yield Rate

RM = Mortgage Capitalization Rate

ΔO = Change in Total Property Value

ΔI = Total Ratio Change in Income

J = J Factor  
Also called mortgage-equity formula.

## Exposure Time

1. The time a property remains on the market. 2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. See also marketing time.

## Extraordinary Assumption

An assignment-specific assumption, as of the effective date regarding uncertain information used in an analysis, which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.

## Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

## Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

## Highest and Best Use of Property as Improved

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

## Hypothetical Conditions

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

## Insurable Replacement Cost/Insurable Value

A type of value for insurance purposes.

## Intended Use

The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

## Intended User

The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.

## Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

## Leasehold Interest

The tenant's possessory interest created by a lease. See also negative leasehold; positive leasehold.

## Liquidation Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a severely limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer is acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- The buyer is acting in what he or she considers his or her best interest.
- A limited marketing effort and time will be allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. Under market value, the seller would be acting in his or her own best interests. The seller would be acting prudently and knowledgeably, assuming the price is not affected by undue stimulus or atypical motivation. In the case of liquidation value, the seller would be acting under extreme compulsion within a severely limited future marketing period.

## Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

## Market Value

As defined in the Agencies' appraisal regulations, the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>

## Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) See also exposure time.

## Mortgage-Equity Analysis

Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property.

## Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

## Prospective Value upon Reaching Stabilized Occupancy

The value of a property as of a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. At such point, all capital outlays for tenant improvements, leasing commissions, marketing costs and other carrying charges are assumed to have been incurred.

<sup>1</sup> "Interagency Appraisal and Evaluation Guidelines." Federal Register 75:237 (December 10, 2010) p. 77472.

## Special, Unusual, or Extraordinary Assumptions

Before completing the acquisition of a property, a prudent purchaser in the market typically exercises due diligence by making customary enquiries about the property. It is normal for a Valuer to make assumptions as to the most likely outcome of this due diligence process and to rely on actual information regarding such matters as provided by the client. Special, unusual, or extraordinary assumptions may be any additional assumptions relating to matters covered in the due diligence process, or may relate to other issues, such as the identity of the purchaser, the physical state of the property, the presence of environmental pollutants (e.g., ground water contamination), or the ability to redevelop the property.

## Addendum B: Engagement Letter

**Aryanna Hanson/USA**

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**From:** Erick Mazzoni/USA  
**Sent:** Friday, September 23, 2022 10:06 AM  
**To:** Foley, Noreen  
**Cc:** Racette, Johanne; Bell, Baker; Peter Lane/USA; Aryanna Hanson/USA  
**Subject:** RE: Citizens Bank Engagement Letter - File 11202280349 (Philadelphia, PA) Market Value

Received, thanks for the business Noreen. We'll get going on this.

Erick

**Erick J. Mazzoni, MAI, CRE, MRICS**

Senior Managing Director  
Market Lead – Northeast  
Valuation & Advisory

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[erick.mazzoni@cushwake.com](mailto:erick.mazzoni@cushwake.com)

1650 Market Street, 33rd Floor  
Philadelphia, PA 19103 | USA

---

**From:** Foley, Noreen <Noreen.Foley@citizensbank.com>  
**Sent:** Friday, September 23, 2022 9:30 AM  
**To:** Erick Mazzoni/USA <Erick.Mazzoni@cushwake.com>  
**Cc:** Racette, Johanne <Johanne.racette@citizensbank.com>; Bell, Baker <Baker.Bell@Citizensbank.com>; Peter Lane/USA <Peter.Lane@cushwake.com>  
**Subject:** Citizens Bank Engagement Letter - File 11202280349 (Philadelphia, PA) Market Value

External Mail



09/22/2022

Erick Mazzoni, MAI, MRICS  
Cushman & Wakefield (PA - Philadelphia)  
1650 Market Street 33rd Floor  
Philadelphia, PA 19103

RE: 257 South 16th Street  
Philadelphia, Philadelphia County, PA 19102  
RERS File Number - 11202280349  
P.O. # - PR195254

Dear Erick:

Citizens Bank, NA, its subsidiaries and affiliates (referred to collectively as the "Bank") requests that the above-referenced vendor (the "Vendor") provide the following scope of work (the "Scope of Work" or "Services") on the above-referenced property (the "Site"):

**Report Type:** Complete Analysis (refer to Comments section)  
**Report Format:** Self-Contained Appraisal Report  
**Interest Appraised:** Fee Simple and Leased Fee  
**Value Type (Market):** As Is, Prospective As Completed, Prospective As Stabilized, Hypothetical & Insurable (refer to Comments section)

The terms and scope of this assignment (the "Project") shall be predicated upon the terms of this engagement letter (the "Engagement Letter") and the Attachment hereto (referred to collectively as the "Agreement"). You will deliver one (1) electronic copy of the report (the "Report") and an associated invoice to Real Estate Risk Services (RERS) at the address referenced below. Please submit the electronic version of the Report in a single .pdf file (including electronic signatures) via a secure web-based environment that has been pre-approved by the Bank. The submittal of the Report to the Bank via e-mail is **NOT** acceptable. All issues regarding the methodology of the Project should be directed to the RERS contact in writing. All relevant correspondence including, but not limited to, a complete and executed copy of this Agreement, should be included in the Report.

The fee for this Project including all expenses shall be **\$7,900.00**. The P.O. No. listed above **MUST BE** referenced on your final invoice. The Project is **NOT** complete until RERS receives an invoice for the Project. The Report and all associated documentation must be delivered to the Bank by **10/28/2022**. If the Report will not be completed prior to the due date, the Vendor must notify the RERS contact in writing (or e-mail) within a reasonable amount of time before such due date. If an extension is not granted, the Bank may assess a penalty in accordance with the Agreement. The Report shall be addressed to:

Baker Bell  
Citizens Bank, NA  
Real Estate Risk Services  
130 North 18th Street, 13th Floor  
Philadelphia, PA 19103  
[Baker.Bell@Citizensbank.com](mailto:Baker.Bell@Citizensbank.com)

The Vendor must contact the Site Contact listed below within 48 hours of the execution of this Engagement Letter in order to schedule a Site inspection and request appropriate information. The Vendor should submit any document or information requests to the Site Contact in writing with a copy to the RERS contact. If there is difficulty reaching the Site Contact referenced below or obtaining any necessary information, please notify the RERS contact immediately.

<b>Bank Contact (for additional assignment information):</b>	Baker Bell	Phone: 610-680-6804	<a href="mailto:Baker.Bell@Citizensbank.com">Baker.Bell@Citizensbank.com</a>
<b>Site Contact (to schedule Site inspection and obtain property information):</b>	Dovid Daniel	Phone: 484-343-8453	<a href="mailto:dovid@yess-properties.com">dovid@yess-properties.com</a>

If you wish to accept this Project pursuant to the terms and conditions of the Agreement, please execute below and return this document within 24 hours to the Bank via email. The Bank may deem any failure to respond within 24 hours as a rejection of the Project by the Vendor.

Sincerely,



Baker Bell, Vice President  
Head Appraisal Reviewer

Real Estate Risk Services

**Project Information/Description:**

The subject property, The Bentley, is a high-rise apartment complex containing 39,021 square feet of rentable area with 60 residential apartment units.

**COMMENTS**

The As Is value is the market value of the subject property in its actual physical condition subject to the zoning in effect as of the date of inspection without hypothetical conditions, assumptions, or qualifications.

This request is for an update to the appraisal report as of August 5, 2020 of The Bentley, Philadelphia, PA, your file 20-22002-900640-001, prepared for Investors Bank, which is now part of Citizens Financial Group. Since the prior appraisal, construction has been delayed and the budget has increased. The intended use of the appraisal is for the restructure of an existing loan with new monies.

**Requested Values:**

- (1) Determine the current market value of the fee simple interest in the real property as is.
- (2) Determine the prospective market value of the leased fee interest in the real property upon substantial completion.
- (3) Determine the prospective market value of the leased fee interest in the real property upon stabilization, assuming a sale of the subject property, including the re-assessment implications.
- (4) Develop a hypothetical restated operating statement of the leased fee interest in the real property as if stabilized on the date of inspection, assuming a sale of the subject property, including the re-assessment implications. Do not convert the untrended NOI into a value.
- (5) The vendor must provide an insurable value of each existing and proposed "building" as defined by FEMA (regardless of functional utility or contributory value). An "Insurable Value Calculation Worksheet" must be completed and returned as a separate working .xls spreadsheet. Note that a single worksheet combining multiple "buildings" is NOT acceptable. In addition, exterior and interior photographs of all such "buildings" must be provided (regardless of functional utility or contributory value). \*\*\*Note that the Insurable Value should NOT be included in the Appraisal Report itself.

**Reporting Requirements:**

- Briefly summarize the borrower's costs to date.
- Reconcile the borrower's budgeted construction costs with the appraisal estimate.
- Include a schedule of the market rents for each floor plan.
- Briefly summarize the changes in market conditions and the subject property since the date of the last appraisal.
- The forecasted assessment must be supported by assessment-to-sale-price comps.
- Briefly summarize the stabilized property's strengths and weaknesses from the perspective of a potential purchaser.
- According to USPAP Advisory Opinion 17, the value opinion in an appraisal assignment involving proposed improvements is developed on the basis of one or more extraordinary assumptions.
- The report must include (i) a current state certification or license and (ii) the signed letter of engagement.

**Assignment Terms:**

- Citizens Bank reserves the right to release the appraisal report to participants and other lenders.
- If requested, you will be expected to provide the market analysis, rent comps, and sale comps a few days prior to the delivery of the report to facilitate the underwriting.
- If applicable and requested, you will be expected to provide the Argus reports.

**COVID-19:** The appraiser must analyze/consider current market conditions and COVID-19 is a major factor. The appraiser must analyze and consider the short-term and lasting influences of the recent COVID-19 pandemic. A comparison of key valuation factors prior to COVID-19 and current should be summarized and briefly discussed (revenues, expenses, investment multiples, absorption pace, etc.).

**Intended Use:** The Intended Use of the appraisal is to assist the Client with their collateral analysis and/or portfolio management.

**Intended User:** The Intended Users include Citizens Bank NA, its subsidiaries, its affiliates, and/or its assigns and participants.

**The Bank is requesting a Complete Analysis in a Self-Contained Appraisal Report.** The scope of work includes the comprehensive development of all applicable approaches to value as well as the relevant and appropriate level of market analysis including supporting data and conclusions. The Vendor is afforded the discretion to develop the approach(es) to value which in the Vendor's judgment are applicable to a particular assignment to ensure that the scope of work is sufficient to produce credible results for the intended use of the Bank. The rationale for the exclusion of a particular approach to value must be provided in the Report, and such exclusion must comply with the peer practices in the market for valuation services. \*\* The report level is to be a **Self-Contained Appraisal Report** - The report format exceeds the minimum criteria of the **Appraisal Report** option described in USPAP Standard 2-2. The Self-Contained Appraisal Report contains a comprehensive amount of information on the subject, market and appraisal analysis. All significant data and information should be reported in comprehensive detail with the following minimum required:

- 1) state the identity of the client and any intended users, by name or type; 2) state the intended use of the appraisal; 3) summarize information sufficient to identify the real estate or personal property involved in the appraisal, including the physical and economic property characteristics relevant to the assignment; 4) state the type and definition of value and cite the source of the definition ([Preferable Source: Interagency Appraisal and Evaluation Guidelines \(Federal Register / Vol. 75, No. 237, pg. 77472, December 10, 2010\)](#)); 5) state the effective date of the appraisal and the date of the report; 6) describe the scope of work used to develop the appraisal; 7) describe the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained; 8) state the use of the property existing as of the date of value and the use of the real estate or personal property reflected in the appraisal; and, when an opinion of highest and best use or the appropriate market or market level was developed by the appraiser, describe the support and rationale for that opinion; 9) clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and that their use might have affected the assignment results; and, 10) include a signed certification in accordance with Standards Rule 2-3 or 8-3.

The level of detail and depth of analysis must be consistent with the complexity of the subject property, the intended use of the resulting report and conclusions, and the peer practices in the market for valuation services. The final scope of work must meet or exceed that typically expected from the "appraiser's peers", as defined in USPAP and discussed in Advisory Opinion 29 (AO-29). Please reference as most recently amended.

Agreed and Accepted by:



Date: 09/23/22

## ATTACHMENT

### **1. SCOPE OF WORK**

The Vendor shall provide to the Bank the valuation services referenced in the Engagement Letter above (the "Services") in accordance with the Agreement. The Report must conform to the minimum standards set forth in Title XI of the Financial Institutions Reform, Recovery Act (FIRREA), the regulations promulgated thereunder at 12 CFR Part 34, Subpart C, applicable regulatory guidance and the Uniform Standards of Professional Appraisal Practice (USPAP), as each is amended. The Vendor will perform the Services with the care, skill and diligence of the applicable professional standards recognized by the valuation profession.

### **2. COMMUNICATION**

2.1. Communication between the Bank and the Vendor is essential for the exchange of appropriate information relative to the valuation assignment and must ensure the independence of the valuation process. The Bank will not directly or indirectly coerce, influence or

otherwise encourage the Vendor to misstate or misrepresent the value of the property. The Bank must ensure that it avoids inappropriate actions that would compromise the independence of the collateral valuation function including the following:

- 2.1.1. communicating a predetermined, expected or qualifying estimate of value, loan amount or target loan-to-value ("LTV") to the Vendor;
- 2.1.2. specifying a minimum value requirement for the property that is needed to approve the loan or as a condition of ordering the Report;
- 2.1.3. conditioning the compensation of the Vendor on loan consummation;
- 2.1.4. failing to compensate the Vendor because a property is not valued at a certain amount;
- 2.1.5. implying that current or future retention of the services of the Vendor depends on the amount at which such person values a property; and,
- 2.1.6. excluding the Vendor from consideration for future engagement because the reported market value of a property does not meet a specified threshold.

2.2. In the event that the Vendor is provided any documentation or information from anyone involved with the property or transaction (including, but not limited to, the borrower, Site contact or an employee of the Bank) that pertains to a desired or target value, loan amount or LTV or otherwise experiences any of the situations listed above, the Vendor must immediately communicate such occurrence to the RERS Contact listed above. A copy of any such documentation or information must be disclosed in the appendices of the Report.

### **3. STAFFING**

The person to whom the Engagement Letter is addressed must sign the Report and will be responsible for the adequate supervision of any other individual who contributes to the Report. All Services conducted pursuant to this Agreement shall be prepared, completed and performed by trained, experienced and qualified personnel. By executing the Engagement Letter, the Vendor attests that it: (a) possesses the requisite education, expertise, and competence to complete the assignment; (b) is capable of rendering an unbiased opinion; and, (c) is independent and does not have any direct, indirect or prospective interest, financial or otherwise, in the property or transaction. An executed copy of the Engagement Letter and any attachments must be included in the addendum section of the Report. If the Services entail either an appraisal or an evaluation that will be conducted by an appraiser, a copy of the current applicable state license of the appraiser must be included in the addendum section of the Report. Anyone providing professional assistance to the signatory(ies) of the Report must be identified in the certification section and their specific contribution outlined in the Report. The Vendor acknowledges a full understanding of the Competency Provision and Ethics Provision set forth in USPAP. Steps taken to comply with this provision must be outlined in the scope of the Report.

### **4. REPORT**

The intended use of the Report is to assist the Bank with its collateral analysis and/or portfolio management. The level of detail and depth of analysis must be consistent with the complexity of the Site and the marketplace in accordance with the best industry standards and policies. The Vendor must present the Report in a logical format. The Vendor must adequately describe and analyze the region, neighborhood, real estate market, and highest and best use. The description and analysis of the Site, comparables (land, improvement, and rental), and the valuation sections must be concise, relevant, and meaningful. Appropriate photographs, maps, plans, adjustment grids/tables, and other exhibits must supplement all descriptions and analyses. If the Services entail the application of a discounted cash flow analysis, the disk and working files must be provided to the Bank; Argus software is desired. Please forward the disk with the Report. All issues regarding valuation methodology or delivery of the Report should be addressed only by RERS.

### **5. DUE DATE**

5.1. The fee and due date for this Project are specified in the Engagement Letter. If the Report will not be completed and received by the Bank prior to the due date, the Vendor must notify the Bank in writing (or e-mail) within a reasonable amount of time before such due date. If the Bank does not grant an extension in writing (or e-mail) and the Report is not received by the due date, the Bank may assess a penalty as follows:

- 5.1.1. Appraisal: 2% of the fee per each business day (not less than \$100 per business day) beyond the specified due date;
- 5.1.2. Evaluation: \$50 per business day beyond the specified due date; or,
- 5.1.3. Appraisal or Evaluation: termination of the Agreement and withholding of payment.

5.2. Payment will be processed upon receipt of an associated invoice and acceptance of the Report by a duly authorized representative of the Bank as specified below.

### **6. ACCEPTANCE**

The Bank reserves the right to review the Report for conformity to the terms of this Agreement, including without limitation, such matters as form, content, accuracy and methodology, prior to acceptance. If the Report does not conform to the terms of this Agreement, the Bank, at its sole option, will either return the Report for revision, request additional clarification or reject the Report. If the Report is deemed unacceptable, the Bank may elect to withhold payment.

## 7. REVISIONS

The Vendor must answer all requests for revisions/clarifications/additional data within 5 business days, in writing (or e-mail), if so requested. If the Vendor does not respond to the request of the Bank within 5 business days, the Bank may assess a penalty based upon the Services provided as specified above.

## 8. NON-CONFORMING PROPERTY USE

If the Site is an illegal, non-conforming use, the Vendor must notify RERS immediately. If the Site is a legal, non-conforming use, the Vendor must identify the non-conformity and report if the non-conformity presents a risk to the Bank. Some municipalities do not permit a property to be rebuilt to its current density if it is partly or completely destroyed. If the Site operates pursuant to a variance or exception, the Vendor must ascertain if the variance or exception has an expiration date.

## 9. INDEPENDENT CONTRACTOR STATUS

The Vendor including its employees or agents is an independent contractor and is not to be considered an employee or agent of the Bank for any purpose. Such parties will not be entitled to any of the benefits accorded the Bank employees. This Agreement does not obligate the Bank to use the Vendor exclusively or engage the Vendor to provide any services and does not obligate the Vendor to accept offers to provide services, exclusively or otherwise. The Vendor is a professional who uses his own discretion and judgment in the completion of the Services.

## 10. ASSIGNMENT AND SUCCESSORS

The Vendor may not assign its rights or delegate its duties hereunder, whether by operation of law or otherwise, without the express written consent of the Bank, which consent shall not be unreasonably withheld. The Vendor hereby consents to the Bank assigning its rights or delegating its duties to one or more affiliates, or to an acquiring or surviving entity in a merger or acquisition in which the Bank is the acquired entity (whether by merger, reorganization, acquisition or sale of stock) or to the purchaser of all or substantially all of the Bank's assets. The Vendor also acknowledges that the Bank may be acting in lead or agent capacity in a participation/syndication and that the Report may be shared with other financial institutions that are or will become part of such syndicate/participation. This Agreement shall bind and inure to the benefit of the parties to the Agreement and their respective successors, representatives and permitted assigns.

## 11. SUBCONTRACTORS

Vendor shall not subcontract any part of the Services without the prior written approval of the Bank, which consent may be withheld in the sole discretion of the Bank. Any subcontracting hereunder shall not relieve Vendor of its responsibility for the performance of all its obligations under this Agreement, and any subcontractor shall be required by Vendor to comply with the obligations of Vendor set forth in this Agreement, including obligations relating to compliance with applicable Law and the Bank's policies and standards. Vendor shall be responsible for all payments due to its subcontractors and for the work and activities of each of its subcontractors, including compliance with the terms of this Agreement, and shall supply the Bank evidence of such payment promptly upon demand by the Bank. Prior to Vendor entering into a subcontract with a third party for the performance of any Services or any of its other obligations under this Agreement, Vendor shall (i) give the Bank reasonable prior written notice specifying the components of the Services affected, the scope of the proposed subcontract, the identity and qualifications of the proposed subcontractor, and the reasons for subcontracting the Services in question; and (ii) obtain the Bank's prior written approval of such subcontractor. In addition, the Bank shall have the right to review and approve the subcontract (other than financial terms), or a summary of the relevant subcontract terms between Vendor and such a subcontractor. The Bank shall also have the right to revoke its prior approval of a subcontractor or otherwise direct Vendor to replace or cause the replacement of such subcontractor as soon as possible where the subcontractor's performance is materially deficient (with respect to the scope of the Services performed by such subcontractor) or if there are other reasonable grounds for removal related to such subcontractor's ability to perform Services. Vendor shall remove such subcontractor and continue to perform its obligations under this Agreement, notwithstanding the removal of the subcontractor.

## 12. PRE-EMPLOYMENT SCREENING

12.1. Subject to applicable law, Vendor shall require any individual it employs or engages in connection with the performance of its obligations under this Agreement to have satisfied the following screening procedures prior to such individual performing any Services hereunder:

- 12.1.1. Level 1 Clearance: For individuals who will have no access to the Bank's Confidential Information (as defined in Section 16.2 below) including no unaccompanied access to any Bank facility and no access to the Bank's internal information technology network, Vendor shall have conducted commercially reasonable recruitment and security vetting procedures in relation to each such individual including, at a minimum, by verifying such individual's identity and legal right to work in the United States based on documentation satisfying Form I-9 of the US Department of Homeland Security.

12.2. In the event that: (a) Vendor is unable to comply fully with the requirements of Section 12 above with respect to an individual; (b) Vendor is unable to verify an individual's identity or legal right to work as described in Section 12.2.1 above; or, (c) any pre-engagement

screening activity returns information that otherwise indicates in Vendor's or the Bank's reasonable judgment that such individual should not be engaged to provide Services under this Agreement, then Vendor shall not engage the individual in relation to this Agreement.

12.3. In the event any individual described above experiences a break in service with Vendor, Vendor shall conduct a new background investigation meeting the requirements set forth above.

### 13. RECORD RETENTION

13.1. Vendor shall maintain complete and accurate Contract Records. Until the later of (a) three (3) years after the termination of the Agreement (or in the case of invoices, six (6) years after their issuance), (b) all pending matters relating to the Agreement (e.g., disputes) are closed, (c) the Contract Records are no longer required to meet the Bank records retention policy as disclosed by the Bank to Vendor and as such policy may be adjusted from time to time, or (d) any periods as required by applicable law have expired. Vendor shall maintain and provide access upon request to the Contract Records. Vendor's records management program shall be reasonably consistent with such industry frameworks as ISO 15489. Before Vendor destroys or otherwise disposes of any Contract Records, the Bank shall have the right to request Vendor to return such Contract Records by giving notice at least sixty (60) days prior to the applicable record retention expiration date, and Vendor shall deliver such Contract Records to the Bank. As used herein, "**Contract Records**" means records, in any format or media, of all charges, transactions, authorizations, changes, implementations, analyses, procedures, controls, records, data or information created, generated, collected processed or stored by Vendor in the performance of its obligations under the Agreement and would include, but are not limited to, all Reports or any other data the Vendor is required to maintain pursuant to USPAP.

### 14. INSURANCE REQUIREMENTS

14.1. **Required Insurance.** Vendor shall provide during the term of the Agreement, and for a period of two years following the term of the Agreement, following insurance coverages ("Required Insurance"):

- 14.1.1. **Worker's Compensation.** Worker's Compensation as prescribed by applicable Law covering all employees and any other persons (including sole proprietors if available pursuant to applicable state law) providing Services for the Bank without exclusion, and employers' liability insurance in an amount of no less than \$1MM per accident for bodily injury and disease;
- 14.1.2. **Commercial General Liability.** Commercial general liability insurance (bodily injury, product liability and property damage) with contractual liability insurance to cover liability relating to this Agreement and the limits of such insurance shall not be less than \$1MM per occurrence and \$1MM annual aggregate;
- 14.1.3. **Auto.** Automobile bodily injury and property damage liability insurance covering owned, non-owned and hired automobiles, the limit of which shall not be less than \$1MM per occurrence;
- 14.1.4. **Umbrella.** Umbrella or excess liability insurance endorsed to provide "follow form" coverage over the employers, general, and auto liability policies above, the limits of which insurance shall not be less than \$2MM per occurrence and \$2MM annual aggregate; and
- 14.1.5. **E&O.** Errors and omissions insurance, the limits of liability of which shall not be less than \$1MM per each occurrence and \$1MM annual aggregate.

14.2. **Certificates/Evidence of Insurance.** Upon request, Vendor shall promptly deliver to the Bank certificates of insurance made out by the applicable insurer(s) or their authorized agents for the insurance required under this Section.

14.3. **Notice of Cancellation.** Each policy shall provide that 30 days prior written notice to be given by insurer to the Bank in the event of any termination or cancellation.

14.4. **Deductibles.** Vendor shall be responsible for its own deductibles and retentions.

14.5. **Waiver of Subrogation.** All Required Insurance policies shall contain a waiver of subrogation in favor of the Bank.

14.6. **Insurance Companies.** All Required Insurance shall be carried with responsible insurance companies of recognized standing which are authorized to do business in the state in which the Services are rendered and are rated "A VIII" or better by A.M. Best.

14.7. **Additional Insured.** Vendor shall ensure that the following "Additional Insured" shall be provided on all Required Insurance except Workers Compensation and Errors & Omissions: Citizens Bank, N.A., its subsidiaries, parents, Affiliates, directors, officers, agents, landlords and employees as their interests may appear are included as additional insureds. Coverage for such Additional Insured shall be primary and non-contributory for losses relating to Vendor's Services for which Vendor is otherwise liable in whole or in part.

14.8. **No Release or Waiver.** The fact that Vendor has obtained the insurance required in this Section 14 shall in no manner lessen nor otherwise affect Vendor's other obligations or liabilities set forth in the Agreement including its obligations to defend, indemnify and hold the Bank, its Affiliates, and its and their directors, officers, employees, contractors and agents harmless in accordance with this Agreement.

### 15. INDEMNIFICATION

15.1. The Vendor agrees to indemnify and hold harmless the Bank and its directors, officers, employees and agents from and against all losses, claims, causes of action, damages, expenses, penalties, judgments, fines, injuries, costs and liabilities, joint or several (including reasonable attorney's fees), due to actions, inactions or claims arising out of, or directly or indirectly related to: (a) the performance by the Vendor or its employees, subcontractors or agents of the Services; (b) any breach by the Vendor or its employees, subcontractors or agents of the confidentiality provisions of this Agreement; (c) any breach by the Vendor or its employees of any representation or warranty set forth in this Agreement including, but not limited to, any breach of the information security obligations set forth in this Agreement; (d) any claim for payment of compensation, salary or benefits asserted by the Vendor or its employees; or, (e) the failure by the Vendor or its employees to comply with any applicable law or regulation.

15.2. At the request of the Bank from time to time after any such claims, the Vendor shall at its sole expense defend, with counsel reasonably acceptable to the Bank, all claims, suits or proceedings arising out of the foregoing. The Vendor shall be notified promptly of any such claims, suits or proceedings in writing and, if requested to defend said action, given full and complete authority, information and assistance for the defense of same, provided, however, the Vendor shall have no authority to enter into any settlement or compromise on behalf of the Bank without the prior written consent of the Bank, which consent shall not be unreasonably withheld. In all events, the Bank shall have the right to participate in the defense of any proceedings with counsel of its own choosing, at its expense.

## 16. PRIVACY AND CONFIDENTIALITY

16.1. The Bank recognizes that a fundamental element of safeguarding consumer and customer confidential information is to protect this information or information systems containing this information against unauthorized access, misuse, alteration or destruction that could result in substantial harm or inconvenience to our customers, and loss or reputation damage to the Bank. Nonpublic Personal Information ("NPPI") is personal information that a consumer provides to the Bank or an approved vendor to obtain a financial product or service; or, information about a consumer resulting from any transaction involving a financial product or service between the Bank and a consumer; or, information the Bank otherwise obtains about a consumer in connection with providing a financial product or service to that consumer, or any list, description, or other grouping of consumers that is derived using personally identifiable financial information other than publicly available information. Pursuant to the Gramm-Leach-Bliley Act (15 U.S.C. 6801, et seq.), the following information is considered NPPI: customer's name, address, telephone number, social security number, driver's license number, account number, credit/debit card number, personal identification number, password, user identification number, birth date, passport identification number, beneficiary information, income levels, tax returns and credit report. The Vendor must remove or otherwise redact all NPPI from the Report as appropriate to protect confidentiality.

16.2. Any NPPI that has been provided orally or in writing by the Bank to the Vendor pursuant to this Agreement (hereinafter "**Confidential Information**") shall be treated by the Vendor as being the proprietary information of the Bank and shall be held in strict confidence. All financial, business and strategic data pertaining to the Bank and all NPPI of or pertaining to the Bank's customers shall be deemed Confidential Information of the Bank. Such information pertaining to the Bank's customers shall remain at all times during and after the term of this Agreement the exclusive property of the Bank.

16.3. The Vendor agrees to hold Confidential Information in strict confidence and shall not: (i) provide or make available the Confidential Information in any form to any person other than those employees, subcontractors or agents of the Vendor who have a need to know such Confidential Information in order for the Vendor to perform its obligations under this Agreement; (ii) copy, reproduce, sell, assign, license, market, transfer or otherwise dispose of, give or disclose Confidential Information to any third party except for use reasonably necessary for the Vendor to perform its obligations under this Agreement; and, (iii) exploit or use Confidential Information for any purpose other than as required for the Vendor to perform its obligations under this Agreement. In the event that the Vendor is specifically authorized by this Agreement to disclose any Confidential Information to a third party, then the Vendor shall require the third party to execute a Confidentiality Agreement the terms of which shall be no less restrictive than the terms set forth herein.

16.4. Notwithstanding the foregoing, "Confidential Information" shall not include information that was: (i) in the public domain prior to the receipt of same by the Vendor; (ii) in the Vendor's possession and/or known to the Vendor prior to its receipt hereunder as evidenced by written documentation and was not acquired directly or indirectly from the Bank; (iii) received by the Vendor from a third party where the Vendor was without an obligation of secrecy with respect thereto and was not acquired directly or indirectly from the Bank; and/or, (iv) independently developed by the Vendor without use of access or reference to, or any benefit of, the Bank's Confidential Information.

16.5. The Vendor shall establish and maintain throughout the term of this Agreement administrative, physical and technical safeguards, policies and procedures to ensure the safekeeping of the Bank's Confidential Information and prevent unauthorized access to or use of such Confidential Information in accordance with applicable regulatory requirements and consistent with industry standards. The Vendor shall advise each of its directors, employees, subcontractors (if authorized pursuant to this Agreement) and agents who may be exposed to Confidential Information of their obligations to keep such information confidential. If the Vendor discloses the Bank's Confidential Information to any subcontractor(s) or agent(s) as permitted herein, the Vendor shall maintain adequate controls to ensure that each subcontractor or agent establishes and maintains measures to protect the Bank's Confidential Information in its possession. On at least an annual basis, the Vendor shall: (i) review and update, as applicable, its policies and procedures with respect to safekeeping of the Bank's Confidential Information; and, (ii) provide the Bank with such policies and procedures upon the Bank's request.

16.6. The Vendor shall notify the Bank immediately of any unauthorized access, possession, use, or knowledge, or attempt thereof, of Confidential Information and agrees to mitigate the impact of such an event. The Vendor shall promptly provide the Bank with full details of any such event and use all available efforts to prevent a recurrence of any such event. In the event that a subpoena or other legal process in any way concerning the Confidential Information is served upon the Vendor, the Vendor shall notify the Bank immediately

upon receipt of such subpoena or other legal process and shall cooperate with the Bank in any lawful effort by the Bank to contest the legal validity of such subpoena or other legal process.

## 17. AUDITS

17.1. Vendor shall, from time to time during regular business hours and upon reasonable notice, permit the Bank, its representatives, federal regulators or federal contractors to perform audits (either onsite or remote, as the Bank deems appropriate) of Vendor's and its subcontractors' facilities, equipment, books and records (electronic or otherwise), operational systems, employees, contractors, subcontractors, and such other audits as may be necessary to ensure Vendor's and its subcontractors' compliance with the terms and conditions of the Agreement, as well as applicable laws, and to ensure Vendor's financial and operational viability, including but not limited to Vendor's internal controls, pre-engagement employee screening, information and other security, business resumption, continuity, recovery, service level compliance, and contingency plans. Vendor shall maintain internal policies and procedures which address the Bank's right to conduct such audits and to monitor Vendor's compliance with applicable laws and the Bank's policies set forth herein on an ongoing basis.

17.2. If requested by the Bank, Service Provider shall provide to the Bank at Service Provider's expense an audit conducted by a reputable and experienced accounting firm in accordance with the Statement on Standards for Attestation Engagements (SSAE) No.16, Reporting on Controls at a Service Organization, developed by the American Institute of Certified Public Accountants (AICPA), and have such accounting firm issue a Service Organization Control (SOC) 1 Type II Report (or substantially similar report in the event such report is no longer the industry standard) which will cover, at a minimum, the policies, procedures and controls required by the Agreement (the "**Report**"). It is expected that each year-end Report shall cover at least the first nine (9) months of that calendar year, and that by the end of the first month of the following calendar year, Service Provider shall provide a "roll-forward" letter to the Bank that covers any gaps in such previous year's Report. In the event the Bank requests documents or information as part of an audit described above, Service Provider will provide (or cause the applicable third party to provide) the requested information by no later than thirty (30) days after receipt of the Bank's request.

17.3. If an audit conducted pursuant to Section 16.1 above reveals any non-compliance or other deficiencies relating to risks to Vendor's systems and facilities which could result in the unauthorized destruction, loss, alteration, disclosure of or access to the Bank's Confidential Information, then (a) a senior technology executive of Vendor shall promptly meet with a representative of the Bank to discuss the matter, and (b) Vendor shall promptly take action to remedy the non-compliance or deficiencies and/or resolve the matters addressed by the qualification(s) so that any deficiencies that caused the qualified opinion to be issued are remedied to the Bank's reasonable satisfaction (including with respect to the timeline of the remediation).

17.4. VENDOR ACKNOWLEDGES AND AGREES THAT, IN ACCORDANCE WITH OCC 2013-29, THE PERFORMANCE OF ACTIVITIES BY EXTERNAL PARTIES FOR CITIZENS IS SUBJECT TO OCC EXAMINATION OVERSIGHT, INCLUDING ACCESS TO ALL WORK PAPERS, DRAFTS, AND OTHER MATERIALS. THE OCC TREATS AS SUBJECT TO 12 USC 1867(c) AND 12 USC 1464(d)(7), SITUATIONS IN WHICH A BANK ARRANGES, BY CONTRACT OR OTHERWISE, FOR THE PERFORMANCE OF ANY APPLICABLE FUNCTIONS OF ITS OPERATIONS. THEREFORE, THE OCC GENERALLY HAS THE AUTHORITY TO EXAMINE AND TO REGULATE THE FUNCTIONS OR OPERATIONS PERFORMED OR PROVIDED BY THIRD PARTIES TO THE SAME EXTENT AS IF THEY WERE PERFORMED BY THE BANK ITSELF ON ITS OWN PREMISES.

## 18. DISASTER RECOVERY

The Vendor shall maintain throughout the term of this Agreement a disaster recovery plan (the "**Disaster Recovery Plan**") that covers the services and deliverables implicated by the Agreement in compliance with all applicable regulatory requirements. For purposes of this Agreement, "**Disaster**" means any unplanned interruption of operations which materially affects the ability of the Vendor to provide the services requested in Project. The Plan shall, at a minimum, address recovery from (a) a loss of facilities, (b) a loss of Staff, (c) a loss of data, (d) a loss of technology, and (e) a loss of third party supplier(s). If requested, Vendor shall provide the Bank with a copy of such Disaster Recovery Plan.

## 19. COMPLIANCE WITH LAWS AND CITIZENS POLICIES

The Services shall at all times comply with all laws, including without limitation: (a) all applicable requirements regarding the privacy and handling of the Bank's Confidential Information (including Personal Data), (b) all applicable provisions of the Fair and Accurate Credit Transactions Act (including, if applicable, the Identity Theft Red Flag Rule that may require Vendor to have a written Identity Theft Prevention Program to identify, detect and respond to "red flags" signaling possible theft of the Bank customers' identities), (c) all applicable regulations of the Office of Foreign Assets Control ("OFAC"), the Bank Secrecy Act and the USA Patriot Act (including such regulations that may require Vendor to implement a "**Customer Identification Program**" or "**Know Your Customer Program**" to confirm that no beneficiary or client of Vendor appears on any lists issued by OFAC, including the Specially Designated Nationals list, and determine whether transactions by or with such beneficiary or client may constitute suspicious activity, such as identity theft fraud, money laundering, terrorist financing or other threats to national security), (d) all equal opportunity, anti-discrimination and wage and hour Laws (and, to the extent applicable, the equal employment opportunity and affirmative action requirements set forth in 41 C.F.R. Part 60-1.4(a) (women and minorities), 41 C.F.R. Part 60-250.5(a) and Part 60-300.5(a) (covered veterans), and 41 C.F.R. Part 60-741.5(a) (individuals with disabilities), and the employee notice requirements set forth in 29 C.F.R. Part 471, Appendix A to Subpart A, are hereby incorporated by reference herein), and (e) any other laws specifically referenced in the Agreement. In addition, Vendor's employees, agents and representatives shall comply with all applicable Bank policies when on-site at a Bank facility, including but not

limited to, those governing information security, physical security, internet access, compliance training, ethics, harassment and discrimination (copies of which will be made available to Vendor).

## 20. COMPLAINTS AND INCIDENT MANAGEMENT

20.1. In the event Vendor interacts directly with the Bank's customers or potential customers (hereinafter "**Customer(s)**") in the course of providing Services hereunder, then Vendor shall comply with the following requirements:

- 20.1.1. Complaint Handling Vendor agrees that (i) the Services will be performed in accordance with any and all Laws relating to the handling of customer complaints that are applicable to the Services ("**CC Laws**"), (ii) Vendor shall not take, nor omit to take, any act that could reasonably be expected to lead to the Bank being in breach of any CC Law, and (iii) it shall have in place and comply with its own complaints handling policy (the "**Vendor CHP**") to ensure that Vendor complies with all CC Laws. Vendor further agrees that the Services shall be performed in accordance with the Bank's Complaint Handling Standard (as amended from time to time, the "**Citizens CHS**"); provided, that for the purposes of this Section, Vendor shall be deemed to be in compliance with the Citizens CHS if the Vendor CHS requires the immediate notification of the bank in the event that it receives any Expression of Dissatisfaction from a the Bank's Customer related to a Project. For the purposes of this Section, an "**Expression of Dissatisfaction**" is any unsolicited negative comment from a Customer related to: (i) a product or feature; (ii) request that was unfulfilled or not fulfilled properly; or, (iii) poor service from the Vendor or an employee or subcontractor of the Vendor. If requested, Vendor shall provide to the Bank a copy of the Vendor CHP for the Bank's review and, if required, Vendor will explain to the Bank how the features set out in the Vendor CHP correspond to the Citizens CHS. Vendor shall promptly implement any amendments to the Vendor CHP that the Bank reasonably considers necessary following its review of the Vendor CHP or in response to an Expression of Dissatisfaction from a Customer to ensure that the Bank complies with all CC Laws. Vendor shall review the Vendor CHP on a regular basis and shall promptly implement and notify the Bank of any amendments to the Vendor CHP which it considers necessary for continued compliance with all CC Laws. Vendor shall immediately notify the Bank in writing of any suspected or known breach of the Vendor CHP or any CC Law.

20.2. Fairness Laws Vendor shall be responsible for ensuring that it and its personnel and subcontractors have reviewed and understand the following Fairness Statement as well as its and their obligations thereunder, and shall comply therewith as well as with all applicable federal, state and local fair lending, fair housing UDAP and UDAAP statutes ("**Fairness Laws**"). In the event that Vendor detects any incident or activity which constitutes or results in a violation of Fairness Laws with respect to any matter relating to this Agreement, Vendor will immediately notify the Bank.

- **FAIRNESS STATEMENT**

*The fair and equal treatment of the Bank's customers, without regard to race, color, ethnicity, religion, gender, pregnancy/childbirth, age, national origin, sexual orientation, gender identity or expression, disability or perceived disability, genetic information, citizenship, veteran or military status, marital or domestic partner status, or any other category protected by federal, state and/or local laws, is an integral part of the Bank's fundamental mission of providing quality financial services to existing and prospective customers. Denying any segment of society equal access to basic economic opportunities is morally repugnant and has no place in our society. Only through all of our efforts can we ensure that every bank customer and credit applicant receives fair and equal treatment and that we have helped each member of the communities that the Bank serves reach his or her full potential.*

20.3. The Bank's Rights. The Bank shall have the right to suspend and/or terminate this Agreement for material breach immediately, or on such other time specified by the Bank, upon written notice to Vendor if: (i) Vendor, or any person employed by it or acting on its behalf (whether with or without the knowledge of Vendor) fails to comply with any of the CC Laws or Fairness Laws, or is in material breach of the Vendor CHS; or (ii) the Bank has a reasonable suspicion that an occurrence as specified in clause (i) of this Section has occurred. Regardless of any other provision in this Agreement, the Bank shall not be obliged to do, nor obliged to omit to do, any act which would, in its reasonable opinion, put it in breach of any CC Laws or Fairness Laws.

## 21. SUPPLIER DIVERSITY

21.1. As used in this Section, the following terms are defined as follows:

- "Disabled-Owned Business"** shall mean a business physically located in the United States or its trust territories that is at least 51% owned, Controlled and Operated by an individual of United States citizenship with a permanent mental or physical impairment that substantially limits one or more major life activities and which has a significant negative impact upon the company's ability to successfully compete. The ownership and control shall be real and continuing and not created solely to take advantage of special or set aside programs aimed at supplier diversity. Due to the absence of a certifying agency for this category of business owners, the Disabled-Owned Business must complete an affidavit and provide supporting documentation to be eligible for consideration towards Diverse Supplier participation.
- "Disabled Veteran-Owned Business"** shall mean a business physically located in the United States or its trust territories that is certified to be at least 51% percent owned, Controlled and Operated by a disabled United States military veteran. The disabled veteran's ownership and control shall be real and continuing and not created solely to take advantage of special or

set aside programs aimed at supplier diversity. The Association of Service Disabled Veterans, [www.asdv.org](http://www.asdv.org), provides certification for this category of business owners throughout the United States.

- c. **"Diverse Supplier"** means a Disabled-Owned Business, a Disabled Veteran-Owned Business, an LGBT-Owned Business, a Minority-Owned Business or a Woman-Owned Business.
- d. **"LGBT-Owned Business"** shall mean a business physically located in the United States or its trust territories that is certified to be at least 51% owned, Controlled and Operated by a lesbian, gay, bisexual and/or transgender person or persons who maintain United States citizenship.
- e. **"Minority-Owned Business"** shall mean a business physically located in the United States or its trust territories that is certified to be at least 51% owned, Controlled and Operated by one or more members of the following groups who maintain United States citizenship: African-Americans, Hispanic-Americans, Native-Americans (including American Indians, Eskimos, Aleuts and Native Hawaiians) and Asian-Americans (including U.S. citizens whose origins are in Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the U.S. Trust Territory of the Pacific Islands, Laos, Cambodia, Taiwan, India, Pakistan, and Bangladesh).
- f. **"Operated"** is defined as actively involved in day-to-day management and exercising the right to make policy decisions.
- g. **"Subcontract"** means any agreement, other than one involving an employer-employee relationship, entered into by Vendor or its subcontractors calling for goods or services required for performance under this Agreement.
- h. **"Woman-Owned Business"** shall mean a business physically located in the United States or its trust territories that is certified to be at least 51% owned, Controlled and Operated by a woman or women.

21.2. The Bank intends to place an equitable portion of its business, including contracts and subcontracts for goods and/or services, with Diverse Suppliers. Vendor acknowledges and supports the Bank's diversity efforts supporting Diverse Suppliers, and the Bank's commitment to the participation of Diverse Suppliers in its procurement of goods and services. Vendor therefore agrees to use commercially reasonable efforts to afford Diverse Suppliers an equitable opportunity to compete for any and all contracts related to this Agreement (including permitted subcontracts and indirect support agreements) in which they can perform to the extent consistent with the requirements of this Agreement. In addition, in the event the Bank and its Affiliates commit to spend fees exceeding \$3,000,000 in the aggregate with Vendor under this Agreement and any other agreements between such parties, Vendor shall be required to comply with additional diversity requirements, including targeted minimum spend and reporting requirements, which shall be as set forth in a Statement of Work to be agreed between the parties.

21.3. The parties agree that, as applicable, they will abide by the requirements of 41 CFR 60-1.4(a), 41 CFR 60-300.5(a) and 41 CFR 60-741.5(a), as these regulations are amended, modified or replaced from time to time. These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status or disability. The parties also agree that, as applicable, they will abide by the requirements of Executive Order 13496 (29 CFR Part 471, Appendix A to Subpart A), relating to the notice of employee rights under federal labor laws.

## 22. ANTI-CORRUPTION

22.1. As used in this Section, the following terms are defined as follows:

- a. **"Anti-Corruption Laws"** means any anti-bribery or anti-corruption related provisions in criminal and anti-competition Laws and/or anti-bribery or anti-corruption Laws of the jurisdiction in which Vendor provides the Services, together with any amending, consolidating or successor legislation or case Law which has effect from time to time in the relevant jurisdiction.
- b. **"The Bank's Anti-Bribery and Corruption Policy Standard"** means the Bank's anti-bribery and corruption policy standard as amended from time to time.

22.2. Vendor agrees that it shall comply with, and that the Services will be performed in accordance with, the Anti-Corruption Laws and that it shall not cause, by act or omission, the Bank to be in breach of any Anti-Corruption Laws.

22.3. Vendor shall have in place and comply with its own anti-bribery and corruption policy to ensure that Vendor complies with the Anti-Corruption Laws (the **"Vendor Anti-Bribery and Corruption Policy"**). If requested, Vendor shall provide to the Bank a copy of the Vendor Anti-Bribery and Corruption Policy for the Bank's review and, if required, Vendor will explain to the Bank how the features set out in the Vendor Anti-Bribery and Corruption Policy correspond to the Bank Anti-Bribery and Corruption Policy Standard. Vendor shall promptly implement any amendments to the Vendor Anti-Bribery and Corruption Policy which the Bank, acting reasonably, considers necessary following its review of the Vendor Anti-Bribery and Corruption Policy to ensure that the Bank complies with the Anti-Corruption Laws.

22.4. Vendor shall review the Vendor Anti-Bribery and Corruption Policy on a regular basis and shall promptly implement and notify the Bank of any amendments to the Vendor Anti-Bribery and Corruption Policy which it considers necessary for continued compliance with the Anti-Corruption Laws.

22.5 Vendor shall cooperate with the Bank and promptly provide the Bank with any information or confirmation which the Bank requires from time to time in connection with the obligations of Vendor pursuant to this Section 20. Vendor acknowledges that the Bank will

place reliance upon the information provided.

22.6. Vendor shall immediately notify the Bank in writing of any suspected or known breach of its Anti-Bribery and Corruption Policy or any of the Anti-Corruption Laws.

22.7. The Bank shall have the right to suspend and/or terminate this Agreement for material breach immediately, or on such other time specified by the Bank, upon written notice to Vendor if: (i) Vendor, or any person employed by it or acting on its behalf (whether with or without the knowledge of Vendor) fails to comply with any of the Anti-Corruption Laws or is in material breach of the Vendor Anti-Bribery and Corruption Policy; or (ii) the Bank has a reasonable suspicion that an occurrence as specified in clause (i) of this Section 20.7 has occurred.

22.8. Regardless of any other provision in this Agreement, the Bank shall not be obliged to do, nor obliged to omit to do, any act which would, in its reasonable opinion, put it in breach of any Anti-Corruption Laws.

## **23. ENTIRE AGREEMENT; AMENDMENTS**

This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof. No prior or contemporaneous representations, correspondence, inducements, promises or agreements, oral or written, between the parties relating thereto shall be of any force or effect. The terms of this Agreement may be modified only by an instrument in writing that expressly references this Agreement and is executed by both parties.

## **24. WAIVER**

No failure of either party to exercise any right given to it under this Agreement or to insist upon strict compliance by the other party to its obligations under this Agreement, and no custom or practice of the parties in variance with the terms of this Agreement, shall constitute a waiver of either party's right to demand exact compliance with the terms of this Agreement. Any waiver of any breach of any provisions of this Agreement shall not be construed as a continuing waiver of other breaches of the same or other provisions hereof.

## **25. GOVERNING LAW**

The terms of this Agreement shall be governed by and construed in accordance with the laws of the State of New York without resort to conflict of laws rules. Each party irrevocably agrees that any action, suit or other legal proceeding against them shall be brought in a court of the State of New York or in the United States District Court for the Southern District of New York. By execution and delivery of this Agreement, each party irrevocably submits to and accepts such jurisdiction and waives any objection (including any objection to venue, enforcement, or grounds of *forum non conveniens*) that might be asserted against the bringing of any such action, suit or other legal proceeding in such court.

## **26. SEVERABILITY**

If any provision of this Agreement is adjudged by any court or arbitration board of competent jurisdiction to be invalid or unenforceable, then such provision shall be modified to the extent possible and necessary to preserve the original intentions of the parties, and the validity or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

## **27. FORCE MAJEURE**

Neither party shall be liable for any failure to perform any of its obligations under this Agreement during any period in which such failure to perform arises directly or indirectly out of an *Excusable Cause*, provided that the party so delayed immediately notifies the other party of such delay in writing and uses its best efforts to minimize the adverse effect of such events. If such failure by Vendor exceeds or is reasonably likely to exceed a cumulative period of thirty (30) days, the Bank may terminate this Agreement or any portion hereof immediately without liability.

Noreen Foley  
Real Estate Analyst, Real Estate Risk Services  
**Citizens**  
101 JFK Parkway, Short Hills, NJ 07078  
o. 973-522-3933 [noreen.foley@citizensbank.com](mailto:noreen.foley@citizensbank.com)  
citizensbank.com

This message is confidential and subject to terms at: <https://www.citizensbank.com/account-safeguards/overview.aspx>.  
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## Addendum C: Comparable Improved Sale Data Sheets

## Exhibit 4- October 2022 Appraisal Page 148 of 178



Address: 1930 Chestnut Street  
 City, State, Zip: Philadelphia PA 19103-4522  
 MSA: Philadelphia  
 Jurisdiction: Philadelphia  
 Submarket:  
 Property Type: Multi-Family  
 Property Subtype: Mid/ High-Rise  
 Classification: N/A  
 ID: 685779  
 Tax Number(s): 881564050

## PROPERTY INFORMATION

Site Area (Acres):	0.13	Number of Units:	144
Site Area (Sq.Ft.):	5,478	Average Unit Size:	695
Gross Bldg Area:	117,500	Number of Buildings:	1
Net Bldg Area:	98,497	Number of Stories:	22
Year Built:	1929	Class:	A
Last Renovation:	2018	Number of Parking Spaces:	N/A
Quality:	Good	Parking Ratio:	0.00:1,000
Condition:	Good	Resident Type:	Market Rate
Density (Units/Acre):	1,107.69	Retail Space	5,267

## COMMON AMENITIES

Common Amenities:	N/A
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## UNIT AMENITIES

Unit Amenities:	N/A
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## SALE INFORMATION

Status:	Recorded Sale	OAR:	4.44%
Deed Reference:	Doc ID: 54074602	Cap Rate Type:	Pro Forma
Sale Date:	7/2022	NOI:	\$1,931,400
Sale Price:	\$43,500,000	NOI per Sq.Ft.:	\$16.44
Price per Unit:	\$302,083	NOI per Unit:	\$13,413
Value Interest:	Leased Fee	Occupancy:	N/A
Grantor:	Center City Chestnut LLC	Expense Ratio:	N/A
Grantee:	Republic Realty Apartments LLC	EGIM:	N/A
Financing:	N/A		
Condition of Sale:	Arm's Length		

## VERIFICATION COMMENTS

Deed; Interview with Tyler Margraff of JLL; Buyer and broker press releases

## COMMENTS

This was part of a two-property portfolio sale, with the other property being The Broderick located at 400 Walnut Street in Society Hill and consisting of 69 units. The Republic features studios, one-bedroom, and two-bedroom units with an average size of 695 square feet and 5,267 square feet of ground floor retail space. The property features a resident lounge, game room with billiards and shuffleboard, a fitness center, a conference room, and a social kitchen. The property is located in the desirable Rittenhouse Square neighborhood. Units feature quartz countertops, stainless steel appliances, wood-style flooring, in-unit washer and dryers, and oversized windows. Previous ownership had recently renovated 84 units and new ownership (Sentinel) has identified a substantial value-add to renovate the remaining 60 units. The total portfolio price for the two properties was \$68,500,000. The allocation (\$43,500,000) specific to the property was reported in the recorded deed.



Property Name:	The Broderick
Address:	400 Walnut Street
City, State, Zip:	Philadelphia PA 19106
MSA:	Philadelphia
Jurisdiction:	Philadelphia
Submarket:	Philadelphia-Philadelphia County
Property Type:	Multi-Family
Property Subtype:	Mid/ High-Rise
Classification:	N/A
ID:	685765
Tax Number(s):	881569810

## PROPERTY INFORMATION

Site Area (Acres):	0.23	Number of Units:	69
Site Area (Sq.Ft.):	9,826	Average Unit Size:	854
Gross Bldg Area:	64,390	Number of Buildings:	1
Net Bldg Area:	N/A	Number of Stories:	11
Year Built:	1906	Class:	B
Last Renovation:	1986	Number of Parking Spaces:	N/A
Quality:	Average	Parking Ratio:	0.00:1,000
Condition:	Good	Resident Type:	Market Rate
Density (Units/Acre):	300.00	Retail Space	5,267

## COMMON AMENITIES

Common Amenities:	N/A
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## UNIT AMENITIES

Unit Amenities:	N/A
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## SALE INFORMATION

Status:	Recorded Sale	OAR:	4.90%
Deed Reference:	Doc ID: 54074457	Cap Rate Type:	Pro Forma
Sale Date:	7/2022	NOI:	\$1,225,000
Sale Price:	\$25,000,000	NOI per Sq.Ft.:	\$19.02
Price per Unit:	\$362,319	NOI per Unit:	\$17,754
Value Interest:	Leased Fee	Occupancy:	N/A
Grantor:	Center City Realty LLC	Expense Ratio:	N/A
Grantee:	Broderick Realty Apartments LLC	EGIM:	N/A
Financing:	N/A		
Condition of Sale:	Arm's Length		

## VERIFICATION COMMENTS

Deed; Interview with Tyler Margraff of JLL; Buyer & Listing broker press releases

## COMMENTS

This was part of a two-property portfolio sale, with the other property being The Republic located at 1930 Chestnut Street in Rittenhouse Square and consisting of 144 units. The Broderick features one-bedroom and two-bedroom units with an average size of 854 square feet and 5,240 square feet of ground floor retail space. The property features a resident lounge with billiards and gathering space on the top floor and an entertaining kitchen. The property is located in the desirable Society Hill neighborhood. Units feature quartz countertops, stainless steel appliances, wood-style flooring, in-unit washer and dryers, and oversized French windows. Previous ownership had recently renovated 46 units and new ownership (Sentinel) has identified a substantial value-add to renovate the remaining 23 units. The total portfolio price for the two properties was \$68,500,000. The allocation (\$25,000,000) specific to the property was reported in the recorded deed.



## Exhibit 4- October 2022 Appraisal Page 150 of 178

Address: 222 W. Rittenhouse Square  
 City, State, Zip: Philadelphia PA 19103-5705  
 MSA: Philadelphia  
 Jurisdiction: Philadelphia  
 Submarket: Philadelphia-Philadelphia County  
 Property Type: Multi-Family  
 Property Subtype: Mid/ High-Rise  
 Classification: N/A  
 ID: 676208  
 Tax Number(s): 881027100

## PROPERTY INFORMATION

Site Area (Acres):	0.11	Number of Units:	95
Site Area (Sq.Ft.):	4,792	Average Unit Size:	1,069
Gross Bldg Area:	129,633	Number of Buildings:	1
Net Bldg Area:	129,633	Number of Stories:	25
Year Built:	1925	Class:	B
Last Renovation:	N/A	Number of Parking Spaces:	N/A
Quality:	Average	Parking Ratio:	0.00:1,000
Condition:	Average	Resident Type:	Market Rate
Density (Units/Acre):	N/A	Retail Space	N/A

## COMMON AMENITIES

Common Amenities: Business center, dry cleaning service, elevator, fitness center.

## UNIT AMENITIES

Unit Amenities: Air conditioning, dishwasher, disposal, high speed internet access, washer/dryer, and wheelchair accessible units

## SALE INFORMATION

Status:	Closed Sale	OAR:	4.00%
Sale Date:	2/2022	Cap Rate Type:	Trailing
Sale Price:	\$41,500,000	NOI:	\$1,660,000
Price per Unit	\$436,842	NOI per Sq.Ft.:	\$12.81
Value Interest:	Leased Fee	NOI per Unit:	\$17,474
Grantor:	Rittenhouse Tower Assoc.	Occupancy:	N/A
Grantee:	PMC Property Group	Expense Ratio:	N/A
Financing:	N/A	EGIM:	N/A
Condition of Sale:	None		

## VERIFICATION COMMENTS

This sale was verified through the selling broker. We were not able to verify via public records.

## COMMENTS

This sale is of a 25 story, 95 unit apartment complex that sold for \$41,500,000/\$436,842 a unit. This sale is located adjacent from Rittenhouse Square, one of five original open-space public parks planned by William Penn, and fronts West Rittenhouse Square road. This sale has a unit mix of studios, 1 bedroom, 2 bedroom, and 3 bedroom apartments.



Property Name: The Pepper Building

Address: 1830 Lombard Street

City, State, Zip: Philadelphia PA 19146-4003  
 MSA: Philadelphia  
 Jurisdiction: Philadelphia  
 Submarket: Philadelphia-West of Broad Street  
 Property Type: Multi-Family  
 Property Subtype: Mid/ High-Rise  
 Classification: N/A  
 ID: 634385  
 Tax Number(s): 881020410

**PROPERTY INFORMATION**

Site Area (Acres):	0.86	Number of Units:	184
Site Area (Sq.Ft.):	37,478	Average Unit Size:	1,062
Gross Bldg Area:	196,587	Number of Buildings:	1
Net Bldg Area:	163,208	Number of Stories:	11
Year Built:	1927	Class:	A
Last Renovation:	2011	Number of Parking Spaces:	37
Quality:	Good	Parking Ratio:	0.20:1,000
Condition:	Good	Resident Type:	Market Rate
Density (Units/Acre):	213.95	Retail Space	N/A

**COMMON AMENITIES**

Common Amenities:	N/A
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**UNIT AMENITIES**

Unit Amenities:	N/A
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**SALE INFORMATION**

Status:	Closed Sale	OAR:	4.30%
Sale Date:	8/2021	Cap Rate Type:	Trailing
Sale Price:	\$63,150,000	NOI:	\$2,715,450
Price per Unit	\$343,207	NOI per Sq.Ft.:	\$13.81
Value Interest:	Leased Fee	NOI per Unit:	\$14,758
Grantor:	The Carlyle Group	Occupancy:	96.00%
Grantee:	Korman Residential Properties	Expense Ratio:	N/A
Financing:	N/A	EGIM:	N/A
Condition of Sale:	N/A		

**VERIFICATION COMMENTS**

Discussions with Tyler Margraf of JLL; C&amp;W Research

**COMMENTS**

This the sale of The Pepper Building, located at 1830 Lombard Street in the Rittenhouse section of Philadelphia, Pennsylvania and on the border of the Graduate Hospital area and is located next to Penn Medicine. The property is a 184-unit, 11-story luxury art deco-style high-rise. The property was originally constructed in 1927 and was renovated in 2011 to include a tower to the east side of the building containing 24 units. The property offers unobstructed CBD/University City views, high ceilings, in unit washer and dryers, oversized windows, and an open kitchen format with granite countertops and stainless steel appliances. Property amenities include a 24/7 front desk, private outdoor courtyard featuring lounge areas and gas grills, a well-equipped fitness center, business center, bike racks, storage lockers and 2-passenger elevators. The unit mix consists of one-bedroom and two-bedroom units.

## Addendum D: Property Information



PROPERTY:		THE BENTLEY 257 S 16TH STREET, PHILADELPHIA, PA 19102 REFINANCE - CONSTRUCTION TAKEOUT		
DESCRIPTION:				
LAYOUT:		TOTAL UNITS: 61 RESIDENTIAL GSF: 44,000 NET RENTABLE SF: 42,415 TOTAL PROJECT GSF: 55,000		
		<b>THE BENTLEY</b>		
PARCEL NUMBER:	88-1031500			
LOT SIZE:	3,872 SF			
		<b>PRO FORMA INCOME &amp; EXPENSES</b>		
		<b>INCOME</b>	<b>PRO FORMA INCOME &amp; EXPENSES</b>	<b>STABILIZED</b>
		Residential Income	100.00%	\$1,890,372
		<b>TOTAL INCOME</b>	<b>100.00%</b>	<b>\$1,890,372</b>
		Vacancy Allowance (Residential)	3.00%	\$56,711
		<b>TOTAL VACANCY ALLOWANCE</b>		<b>(\$56,711)</b>
		<b>EFFECTIVE GROSS INCOME:</b>		<b>\$1,833,661</b>
		<b>ESTIMATED EXPENSES</b>		
		Real Estate Taxes	\$2,600 Per Unit	\$158,600
		Insurance	\$550 Per Unit	\$33,550
		Utilities	\$650 Per Unit	\$39,650
		Administrative & General	\$100 Per Unit	\$6,100
		Repairs & Maintenance	\$300 Per Unit	\$18,300
		Contract Services	\$700 Per Unit	\$42,700
		Management Fee	3%	\$55,010
		Payroll	\$1,000 Per Unit	\$61,000
		Advertising & Promotion	\$500 Per Unit	\$30,500
		Replacement Reserves	\$500 Per Unit	\$30,500
		<b>TOTAL ESTIMATED EXPENSES:</b>		<b>(\$475,910)</b>
		<b>NET OPERATING INCOME:</b>		<b>\$1,357,751</b>
		<b>Valuation Metrics</b>		
		NOI		\$1,357,751
		Cap Rate		<b>4.75%</b>
		Valuation		\$28,584,232
		Value/SF		\$520
		Value/Unit		\$468,594

<b>Budget Summary</b>		<b>Budget Amount</b>
Total Acquisition Costs		\$14,000,000
Total Hard Costs		\$7,730,741
Total Soft Costs		\$1,104,497
Total Additional Cost & Contingency		\$441,762
Total New Financing & Carry Costs [Construction Loan]		\$1,730,763
<b>Total</b>		<b>\$25,007,763</b>

<b>Sources &amp; Uses</b>	
<b>Sources</b>	<b>Total</b>
Debt	\$16,716,584
Equity	\$8,291,179
<b>Total Sources</b>	<b>\$25,007,763</b>
<b>Uses</b>	<b>Total</b>
Acquisition Costs	\$14,000,000
Hard Costs	\$7,730,741
Development Soft Costs	\$1,104,497
Contingency	\$441,762
Financing Costs	\$481,198
Interest Reserve	\$1,249,565
<b>Total Uses</b>	<b>\$25,007,763</b>

<b>Uses of Proceeds</b>	
Refinance Existing Debt	\$9,035,000
Future Funded Costs	\$7,681,584
<b>Total Debt Request</b>	<b>\$16,716,584</b>

<b>\$/GSF</b>	<b>Spent to Date</b>	<b>At Closing</b>	<b>Future Funded</b>
\$255	\$14,000,000	\$0	\$0
\$141	\$2,179,357	\$0	\$5,551,384
\$20	\$460,618	\$0	\$643,879
\$8	\$205,005	\$0	\$236,757
\$31	\$0	\$481,198	\$1,249,565
<b>\$455</b>	<b>\$16,844,981</b>	<b>\$481,198</b>	<b>\$7,681,584</b>

<b>\$/GSF</b>	<b>Spent to Date</b>	<b>At Closing</b>	<b>Future Funded</b>
\$304	\$9,035,000	\$0	\$7,681,584
\$151	\$7,809,981	\$481,198	\$0
<b>\$455</b>	<b>\$16,844,981</b>	<b>\$481,198</b>	<b>\$7,681,584</b>

<b>\$/GSF</b>	<b>Spent to Date</b>	<b>At Closing</b>	<b>Future Funded</b>
\$255	\$14,000,000	\$0	\$0
\$141	\$2,179,357	\$0	\$5,551,384
\$20	\$460,618	\$0	\$643,879
\$8	\$205,005	\$0	\$236,757
\$9	\$0	\$481,198	\$0
\$23	\$0	\$0	\$1,249,565
<b>\$455</b>	<b>\$16,844,981</b>	<b>\$481,198</b>	<b>\$7,681,584</b>

Key Metrics	
Total Loan Amount	\$16,716,584
Loan to Cost	66.85%
Projected Stabilized NOI	\$1,357,751
Projected Stabilized Debt Yield	8.12%
Valuation (4.75% Cap)	\$28,584,232
Value per Unit	\$468,594
Loan to Stabilized Value	58.48%
Value per GSF	\$520
Cost per GSF	\$455
Debt per GSF	\$304

Loan Request [CONSTRUCTION]	
Loan Amount	\$16,716,584
Purpose	Construction
Term	24 Months
Total LTC	66.85%

<b>Construction Costs</b>	
<b>Acquisition Costs</b>	
Total Acquisition Costs	
<b>Total Acquisition Costs</b>	
<b>Hard Costs</b>	
General Conditions	
Sitework	
Concrete	
Masonry	
Metals	
Carpentry	
Thermal & Moisture Protection	
Doors & Windows	
Finishes	
Specialties	
Furnishings	
Equipment	
Conveying Systems	
Plumbing & Mechanical	
Electrical	
<b>Total Hard Costs</b>	
<b>Soft Costs</b>	
Architect and Engineering	
FF&E	
Insurance, Taxes, Utilities	
Legal and Accounting	
Marketing	
Permits	
Project Overhead	
Liability Insurance	
Developer Overhead & Profit	
P&P Bond	
<b>Total Soft Costs</b>	
<b>Additional Cost &amp; Contingency</b>	
Hard Cost Contingency (5%)	
Soft Cost Contingency (5%)	
<b>Total Additional Cost &amp; Contingency</b>	
<b>New Financing &amp; Carry Costs [Construction Loan]</b>	
Title 0.40%	
Lender Fee 1.00%	
Mortgage Broker Fee 1.00%	
Third Parties	
Legal	
Miscellaneous	
Interest Reserve (24 Months)	
<b>Total New Financing &amp; Carry Costs [Construction Loan]</b>	
<b>Total Development Budget</b>	

**Construction Interest Reserve**

Construction Loan

65% Of Future Funding Outstanding

Interest Rate 5.75%

24 Months Interest Reserve

**tion Budget: THE BENTLEY, 257 S 16TH STREET, PHILADELPHIA, PA 19102**

<b>Cost</b>	<b>% of Budget</b>	<b>\$/GSF</b>	<b>Spent to Date</b>
\$14,000,000	55.98%	\$254.55	\$14,000,000
<b>\$14,000,000</b>	<b>55.98%</b>	<b>\$254.55</b>	<b>\$14,000,000</b>
<b>Cost</b>	<b>% of Budget</b>	<b>\$/GSF</b>	<b>Spent to Date</b>
\$830,690	3.32%	\$15.10	\$409,019
\$512,301	2.05%	\$9.31	\$417,301
\$0	0.00%	\$0.00	\$0
\$125,000	0.50%	\$2.27	\$0
\$75,000	0.30%	\$1.36	\$0
\$320,000	1.28%	\$5.82	\$268,709
\$120,000	0.48%	\$2.18	\$30,000
\$670,000	2.68%	\$12.18	\$187,500
\$1,195,000	4.78%	\$21.73	\$62,000
\$36,350	0.15%	\$0.66	\$0
\$246,000	0.98%	\$4.47	\$0
\$249,400	1.00%	\$4.53	\$0
\$520,000	2.08%	\$9.45	\$20,000
\$2,021,000	8.08%	\$36.75	\$550,371
\$810,000	3.24%	\$14.73	\$234,457
<b>\$7,730,741</b>	<b>30.91%</b>	<b>\$140.56</b>	<b>\$2,179,357</b>
<b>Cost</b>	<b>% of Budget</b>	<b>\$/GSF</b>	<b>Spent to Date</b>
\$215,000	0.86%	\$3.91	\$175,000
\$10,000	0.04%	\$0.18	\$0
\$100,000	0.40%	\$1.82	\$65,000
\$55,000	0.22%	\$1.00	\$0
\$55,000	0.22%	\$1.00	\$0
\$75,000	0.30%	\$1.36	\$70,838
\$100,000	0.40%	\$1.82	\$0
\$102,819	0.41%	\$1.87	\$33,380
\$391,678	1.57%	\$7.12	\$116,400
\$0	0.00%	\$0.00	\$0
<b>\$1,104,497</b>	<b>4.42%</b>	<b>\$20.08</b>	<b>\$460,618</b>
<b>Cost</b>	<b>% of Budget</b>	<b>\$/GSF</b>	<b>Spent to Date</b>
\$386,537	1.55%	\$7.03	\$149,780
\$55,225	0.22%	\$1.00	\$55,225
<b>\$441,762</b>	<b>1.77%</b>	<b>\$8.03</b>	<b>\$205,005</b>
<b>Cost</b>	<b>% of Budget</b>	<b>\$/GSF</b>	<b>Spent to Date</b>
\$66,866	0.27%	\$1.22	\$0
\$167,166	0.67%	\$3.04	\$0
\$167,166	0.67%	\$3.04	\$0
\$20,000	0.08%	\$0.36	\$0
\$50,000	0.20%	\$0.91	\$0
\$10,000	0.04%	\$0.18	\$0
\$1,249,565	5.00%	\$22.72	\$0
<b>\$1,730,763</b>	<b>6.92%</b>	<b>\$31.47</b>	<b>\$0</b>
<b>\$25,007,763</b>	<b>100.00%</b>	<b>\$454.69</b>	<b>\$16,844,981</b>

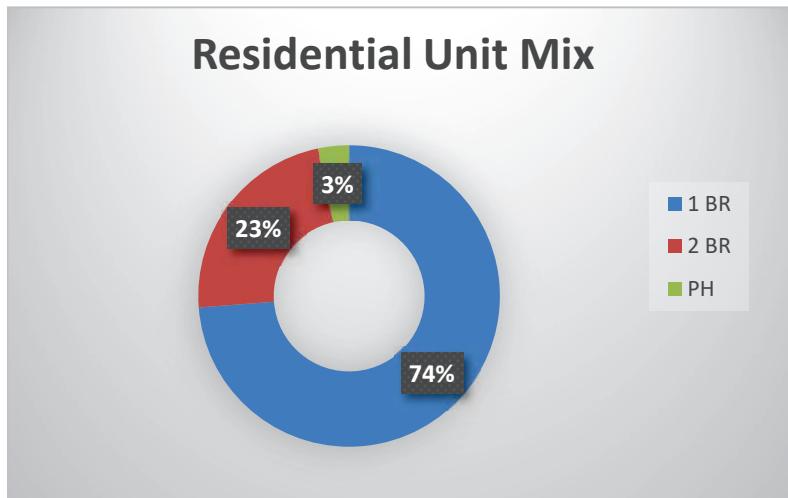
\$
\$16,716,584
\$10,865,780
\$624,782
\$1,249,565

<b>Cost to Complete</b>		<b>% Complete</b>
	\$0	100%
	<b>\$0</b>	<b>100%</b>
<b>Cost to Complete</b>		<b>% Complete</b>
	\$421,671	49%
	\$95,000	81%
	\$0	0%
	\$125,000	0%
	\$75,000	0%
	\$51,291	84%
	\$90,000	25%
	\$482,500	28%
	\$1,133,000	5%
	\$36,350	0%
	\$246,000	0%
	\$249,400	0%
	\$500,000	4%
	\$1,470,629	27%
	\$575,543	29%
	<b>\$5,551,384</b>	<b>28%</b>
<b>Cost to Complete</b>		<b>% Complete</b>
	\$40,000	81%
	\$10,000	0%
	\$35,000	65%
	\$55,000	0%
	\$55,000	0%
	\$4,162	94%
	\$100,000	0%
	\$69,439	32%
	\$275,278	30%
	\$0	0%
	<b>\$643,879</b>	<b>42%</b>
<b>Cost to Complete</b>		<b>% Complete</b>
	\$236,757	39%
	\$0	100%
	<b>\$236,757</b>	<b>46%</b>
<b>Cost to Complete</b>		<b>% Complete</b>
	\$66,866	0%
	\$167,166	0%
	\$167,166	0%
	\$20,000	0%
	\$50,000	0%
	\$10,000	0%
	\$1,249,565	0%
	<b>\$1,730,763</b>	<b>0%</b>
	<b>\$8,162,782</b>	<b>67%</b>

Residential Unit Mix						
Floor	Unit	Type	Sqft	Rent/SF	Monthly Rent	Annual Rent
1	1A	1 BR	750	\$3.25	\$2,438	\$29,250
1	1B	1 BR	600	\$3.25	\$1,950	\$23,400
1	1D	1 BR	590	\$3.40	\$2,006	\$24,072
2	2A	2 BR	950	\$3.10	\$2,945	\$35,340
2	2B	1 BR	675	\$3.20	\$2,160	\$25,920
2	2C	1 BR	475	\$3.85	\$1,829	\$21,945
2	2D	1 BR	600	\$3.70	\$2,220	\$26,640
3	3A	2 BR	950	\$3.15	\$2,993	\$35,910
3	3B	1 BR	675	\$3.25	\$2,194	\$26,325
3	3C	1 BR	475	\$3.90	\$1,853	\$22,230
3	3D	1 BR	600	\$3.75	\$2,250	\$27,000
4	4A	2 BR	950	\$3.20	\$3,040	\$36,480
4	4B	1 BR	675	\$3.30	\$2,228	\$26,730
4	4C	1 BR	475	\$3.95	\$1,876	\$22,515
4	4D	1 BR	600	\$3.80	\$2,280	\$27,360
5	5A	2 BR	950	\$3.25	\$3,088	\$37,050
5	5B	1 BR	675	\$3.35	\$2,261	\$27,135
5	5C	1 BR	475	\$4.00	\$1,900	\$22,800
5	5D	1 BR	600	\$3.85	\$2,310	\$27,720
6	6A	2 BR	950	\$3.30	\$3,135	\$37,620
6	6B	1 BR	675	\$3.40	\$2,295	\$27,540
6	6C	1 BR	475	\$4.05	\$1,924	\$23,085
6	6D	1 BR	600	\$3.90	\$2,340	\$28,080
7	7A	2 BR	950	\$3.35	\$3,183	\$38,190
7	7B	1 BR	675	\$3.45	\$2,329	\$27,945
7	7C	1 BR	475	\$4.10	\$1,948	\$23,370
7	7D	1 BR	600	\$3.95	\$2,370	\$28,440
8	8A	2 BR	950	\$3.40	\$3,230	\$38,760
8	8B	1 BR	675	\$3.50	\$2,363	\$28,350
8	8C	1 BR	475	\$4.15	\$1,971	\$23,655
8	8D	1 BR	600	\$4.00	\$2,400	\$28,800
9	9A	2 BR	950	\$3.45	\$3,278	\$39,330
9	9B	1 BR	675	\$3.55	\$2,396	\$28,755
9	9C	1 BR	475	\$4.20	\$1,995	\$23,940
9	9D	1 BR	600	\$4.05	\$2,430	\$29,160
10	10A	2 BR	950	\$3.50	\$3,325	\$39,900
10	10B	1 BR	675	\$3.60	\$2,430	\$29,160
10	10C	1 BR	475	\$4.25	\$2,019	\$24,225
10	10D	1 BR	600	\$4.10	\$2,460	\$29,520
11	11A	2 BR	950	\$3.55	\$3,373	\$40,470
11	11B	1 BR	675	\$3.65	\$2,464	\$29,565
11	11C	1 BR	475	\$4.30	\$2,043	\$24,510
11	11D	1 BR	600	\$4.15	\$2,490	\$29,880
12	12A	2 BR	950	\$3.60	\$3,420	\$41,040
12	12B	1 BR	675	\$3.70	\$2,498	\$29,970
12	12C	1 BR	475	\$4.35	\$2,066	\$24,795
12	12D	1 BR	600	\$4.20	\$2,520	\$30,240
13	13A	2 BR	950	\$3.65	\$3,468	\$41,610
13	13B	1 BR	675	\$3.75	\$2,531	\$30,375
13	13C	1 BR	475	\$4.40	\$2,090	\$25,080
13	13D	1 BR	600	\$4.25	\$2,550	\$30,600
14	14A	2 BR	950	\$3.70	\$3,515	\$42,180

14	14B	1 BR	675	\$3.80	\$2,565	\$30,780
14	14C	1 BR	475	\$4.45	\$2,114	\$25,365
14	14D	1 BR	600	\$4.30	\$2,580	\$30,960
15	15A	2 BR	950	\$3.75	\$3,563	\$42,750
15	15B	1 BR	675	\$3.85	\$2,599	\$31,185
15	15C	1 BR	475	\$4.50	\$2,138	\$25,650
15	15D	1 BR	600	\$4.35	\$2,610	\$31,320
16	16PH-A	PH	1,375	\$4.00	\$5,500	\$66,000
16	16PH-B	PH	1,300	\$4.00	\$5,200	\$62,400
<b>Total</b>		<b>61</b>	<b>42,415</b>	<b>\$3.71</b>	<b>\$157,531</b>	<b>\$1,890,372</b>

Unit Mix	Total Units	Residential Summary				
		Total SF	Average SF	Total \$	Average \$	\$/SF
1 BR	45	26,440	588	\$1,215,342	\$2,251	\$3.83
2 BR	14	13,300	950	\$546,630	\$3,254	\$3.43
PH	2	2,675	1,338	\$128,400	\$5,350	\$4.00
<b>Totals</b>	<b>61</b>	<b>42,415</b>	<b>695</b>	<b>\$1,890,372</b>	<b>\$2,582</b>	<b>\$3.71</b>



## Addendum E: Qualifications of the Appraiser

**PENNSYLVANIA STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS**  
**REQUIRED CHECKLIST FOR LICENSED APPRAISAL TRAINEE (49 Pa. Code § 36.54)**

THE BOARD REQUIRES THIS CHECKLIST BE USED WHEN A LICENSED APPRAISAL TRAINEE IS UTILIZED IN THE PERFORMANCE OF AN APPRAISAL. THIS CHECKLIST MUST BE SIGNED BY THE LICENSED APPRAISER TRAINEE AND THE SUPERVISING CERTIFIED REAL ESTATE APPRAISER AND MUST BE MADE PART OF THE APPRAISAL REPORT THAT IS SUBMITTED TO THE CLIENT AND RETAINED IN THE APPRAISAL WORKFILE.

**THE INTENT OF THIS CHECKLIST IS TO ENSURE COMPLIANCE WITH APPLICABLE USPAP REQUIREMENTS FOR ACKNOWLEDGEMENT AND DISCLOSURE OF SIGNIFICANT REAL PROPERTY APPRAISAL ASSISTANCE.**

**THE BOARD CANNOT GRANT EXPERIENCE HOURS FOR APPRAISAL ASSIGNMENTS IN WHICH THE LICENSED APPRAISAL TRAINEE IS NOT PROPERLY ACKNOWLEDGED IN THE REPORT.**

**SUBJECT PROPERTY ADDRESS:** 257 South 16th Street, Philadelphia PA, 19102

The licensed appraisal trainee to the certified real estate appraiser has contributed significant real property appraisal assistance in this appraisal assignment. Specifically, the licensed appraisal trainee:

Yes    No    N/A

           Assisted in the preparation of the workfile with all forms and general information for the appraisal.

           Assisted in determining the scope of work of the appraisal.

           Assisted in gathering and entering data as follows: tax assessment information and map, flood hazard information and map, zoning information and map, location map and similar information.

           Inspected the subject property.  
 If yes, accompanied by supervisor? \_\_\_\_\_ (yes/no)  
 Type of inspection (check one): \_\_\_\_\_ interior    \_\_\_\_\_ exterior

           Assisted in analyzing the highest and best use of the subject property.

           Assisted in gathering information for comparable land sales data, verified and analyzed the comparable land sales data.

           Assisted in gathering data for the cost approach, including estimates of cost new and accrued depreciation.

           Assisted in data and analysis for the income approach, including estimates of market rent, vacancy/expense analysis, and development of GRM or capitalization rate.

           Assisted in gathering and verifying comparable sales data, and analysis of the comparable sales.

           Assisted in the exterior inspection of the sales, rentals, land and/or other comparables.

           Assisted in sketch drawing.

           Assisted in entering subject and comparable data on the form and in the comment areas.

           Assisted in reconciliation and final opinion of value for the subject property.

           Assisted in the final review of this report.

           Other \_\_\_\_\_

**SIGNATURE OF THE APPRAISAL TRAINEE:** John H. Vincent

**PRINT/TYPE NAME:** John Vincent

The supervising certified real estate appraiser certifies that the named individual did assist with the items checked above, and also certifies that he/she reviewed all work done by the trainee. The supervising appraiser further certifies that the person signing this report as trainee understands the concepts and processes associated with the appraisal process.

**SIGNATURE OF SUPERVISING CERTIFIED REAL ESTATE APPRAISER:** P. H. Vincent



**Peter Lane, MAI** Senior Director

Valuation & Advisory  
Practice Group Member | Multi-Family & Self Storage  
Cushman & Wakefield of Pennsylvania, LLC

### Professional Expertise

Mr. Lane joined the Valuation & Advisory group of Cushman & Wakefield of Pennsylvania, Inc., as a junior appraiser in January 2011. Prior to joining Cushman & Wakefield, Mr. Lane worked for seven years (2003 to 2010) in real estate advisory and consulting positions. Appraisal assignments have included self storage, multi-family, automobile dealerships, hotel, senior living, office, industrial, retail, gas station/convenience stores, general commercial and vacant land principally in Pennsylvania, New Jersey and Delaware. Mr. Lane primarily focuses on multi-family and self storage assets.

Mr. Lane has extensive experience in the valuation of multi-family assets throughout the region, having appraised more than 500+- properties over the past five years, ranging from smaller suburban apartments to urban luxury apartments. We have appraised multiple construction projects of multifamily assets including new construction as well as various levels of renovation and repositioning. Mr. Lane has appraised more than 50+- student housing complexes in three states over past five years, ranging in size from 50 to 1,250 beds. Further, Mr. Lane has extensive experience in assets that participate in a variety of affordable housing programs including Low Income Housing Tax Credit (LIHTC), Section 8 Housing Assistance Program, and USDA Housing Assistance Programs throughout Pennsylvania, New Jersey, and Delaware. In addition, Mr. Lane also has experience in the valuation of more complex assets in which the properties participate in multiple affordable housing programs such as LIHTC with Section 8 Housing Assistance Program overlays or include age-restrictions as well as proposed construction and renovation. Mr. Lane also has significant experience with agency lenders and has completed several appraisal assignments utilized in Fannie Mae and Freddie Mac transactions.

Mr. Lane has extensive experience in the valuation of self storage assets throughout the region, ranging from smaller rural properties to larger urban in-fill locations and conversions. We have appraised multiple construction projects of self storage assets including new construction as well as various levels of renovation and repositioning. Mr. Lane has appraised more than 100+- self storage appraisals over the past five years. Significant valuation experience with multiple statewide and national self storage portfolios. Additionally, Mr. Lane has experience with development feasibility studies, cash flow modeling and advisory services related to self storage and apartment assets.

### Memberships, Licenses, Professional Affiliations and Education

- Designated Member, Appraisal Institute. As of the current date, Peter Lane, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
- Certified General Real Estate Appraiser in the following states:
  - Delaware – X1-0000565
  - New Jersey – 42RG00234200
  - Pennsylvania – GA003884
- Bachelor of Science, Rochester Institute of Technology

**DELAWARE**

NOT TRANSFERABLE

STATE OF DELAWARE  
DIVISION OF PROFESSIONAL REGULATION  
CANNON BUILDING  
861 SILVER LAKE BLVD., SUITE 203  
DOVER, DELAWARE 19904-2467

**PROFESSIONAL LICENSE**

PROFESSION:	Real Estate Appraisers
LICENSE TYPE:	Certified General Real Property Appraiser
LICENSE NUMBER:	X1-0000565
LICENSE STATUS:	Active
ISSUE DATE:	07/05/2011
EXPIRATION DATE:	10/31/2023
ISSUED TO:	PETER T LANE

**NEW JERSEY**

THIS DOCUMENT IS PRINTED ON WATERMARKED PAPER, WITH A MULTI-COLORED BACKGROUND AND MULTIPLE SECURITY FEATURES. PLEASE VERIFY AUTHENTICITY.

**State Of New Jersey**  
**New Jersey Office of the Attorney General**  
**Division of Consumer Affairs**

THIS IS TO CERTIFY THAT THE  
**Real Estate Appraisers Board**

HAS CERTIFIED

Peter Lane  
131 Surrey Lane  
Harleysville PA 19438

FOR PRACTICE IN NEW JERSEY AS A(N): Certified General Appraiser

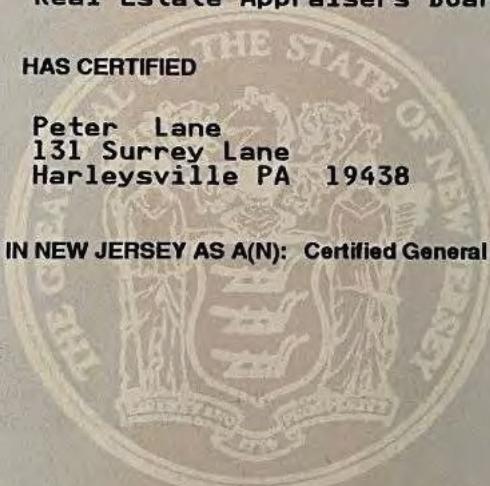
11/17/2021 TO 12/31/2023  
VALID

42RG00234200  
LICENSE/REGISTRATION/CERTIFICATION #

Signature of Licensee/Registrant/Certificate Holder

*Peter*

*K.R.D.W.*  
ACTING DIRECTOR



VIEWABLE TO THE PUBLIC  
CUSHMAN & WAKEFIELD

PENNSYLVANIA





### **Erick J. Mazzoni, MAI, CRE, MRICS**

Senior Managing Director  
Market Lead, Northeast  
Valuation & Advisory  
Cushman & Wakefield of Pennsylvania, LLC

#### **Professional Expertise**

Erick Mazzoni is a Senior Managing Director within Cushman & Wakefield's Valuation & Advisory Group and is the Market Lead for the Northeast region, which includes overseeing the Philadelphia, Pittsburgh, Boston and Ohio offices. His current responsibilities include the leadership and management of roughly 45 professionals throughout the region, 22 of whom hold the MAI designation.

Erick has been the primary professional involved with the valuation of over \$15 billion worth of real estate during his career on over 1,400+ appraisal and consulting engagements focused on hotels and resorts, office buildings, shopping centers, industrial complexes, apartment complexes and vacant land, all situated primarily throughout the Mid-Atlantic region. Most recently, Erick focused on the valuation and consulting of hospitality related properties between 2014 through 2021, having direct involvement with over 400+ hotels and resorts, collectively valued at roughly \$6 billion.

Erick began his career in 2004 with Cushman & Wakefield as an Appraiser in the Philadelphia and northern New Jersey offices. In 2006 he joined Greystone Realty Advisors, a commercial real estate consulting and development firm based in Wilmington, Delaware, where he was a Senior Associate involved with consulting and hospitality development projects. In 2008, Erick rejoined Cushman & Wakefield as a Senior Appraiser within the Philadelphia office and was subsequently promoted to Associate Director during 2009, Director in 2010, Senior Director in 2011, Executive Director in 2015, Managing Director of the regional practice in 2017, and Senior Managing Director in 2019. During 2021, Erick was promoted to Market Lead for the Northeast region.

In addition to the valuation related experience, Mr. Mazzoni has real estate development experience with existing and proposed hotel resorts in California, Bermuda, Maui and Mexico which included overall project feasibility analysis, cash flow modeling, construction budgeting, raising debt and equity, hotel and project management and overall project support.

#### **Memberships, Licenses, Professional Affiliations and Education**

- Designated Member, Appraisal Institute (MAI #12976). As of the current date, Erick J. Mazzoni, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
- Certified General Real Estate Appraiser in the following states:
  - Delaware – X1-0000452
  - Maryland – 29623
  - New Jersey – 42RG00219600

- Ohio - 2021005578
- Pennsylvania – GA003666
- Member, Royal Institution of Chartered Surveyors (MRICS# 5628765)
- Member, Counselors of Real Estate (CRE# 53050)
- Pennsylvania Real Estate Sales License – RS280982
- Bachelor of Science, University of Delaware

### **Accomplishments, Awards and Speaking Engagements**

- Top Producer, Valuation Services, Cushman & Wakefield of Pennsylvania, 2009 & 2014
- Rookie of the Year, Cushman & Wakefield of Pennsylvania, 2004
  - Award to a new professional who exhibits outstanding performance in their quality of work and production levels.
- Mr. Mazzoni was a co-teacher for Real Estate 417 and 467 at the University of Delaware from 2006 to 2012. Both courses were senior level Real Estate related finance courses which focused on real estate fundamentals, valuation, investment and development.
- Erick is involved with and has served on several leadership committees within Cushman & Wakefield since 2009, including:
  - Leadership committee (2019 – 2020) for C&W's overall Philadelphia office to drive strategic initiatives for the overall real estate practice.
  - Next Generation Leadership Network (2019) - One of three valuation professionals chosen from C&W's National Valuation team to serve on a companywide, 130+- person national leadership group which determines strategic initiatives for Cushman & Wakefield.
  - Panel speaker for a Business Development conference call in February 2019 which included an audience of over 250+ C&W valuation professionals.
  - Leadership council for the Philadelphia office of Cushman & Wakefield as the sole representative for the valuation group (2013-2014). Council consisted of representatives from all service lines (brokerage, investment sales, valuation and property management) and met quarterly to determine larger objectives and goals for the firm, strategic positioning and overall growth strategies.
  - Cushman & Wakefield Future Leaders (CWFL) 2011-2012: Chosen by global management as the sole representative of the national Valuation & Advisory Group of Cushman & Wakefield within the CWFL. Served on the first executive committee of this group and was responsible for creating strategic goals and direction of the 400+ younger professionals at C&W.
  - Elected as one of twelve rapidly advancing top performers to participate in the Cushman & Wakefield Professional Advisory Panel which held monthly conference calls with the Global Head of C&W's valuation group to formulate new initiatives for the global practice (2009-2010).
- Speaking Engagements:
  - Guest speaker on the Hospitality Panel for the Philadelphia Commercial Real Estate Forecast Summit hosted by the Mid-Atlantic Real Estate Journal, 2016 and 2020;
  - Guest Speaker for Temple University's Career night highlighting commercial real estate, 2019 and 2021;

## DELAWARE

STATE OF DELAWARE  
DIVISION OF PROFESSIONAL REGULATION  
CANNON BUILDING  
861 SILVER LAKE BLVD., SUITE 203  
DOVER, DELAWARE 19904-2467

NOT TRANSFERABLE

**PROFESSIONAL LICENSE**

PROFESSION:	Real Estate Appraisers
LICENSE TYPE:	Certified General Real
LICENSE NUMBER:	Property Appraiser
LICENSE STATUS:	X1-0000452
ISSUE DATE:	Active
EXPIRATION DATE:	01/25/2007
ISSUED TO:	10/31/2023
ERICK JOHN MAZZONI	

THIS CERTIFIES THAT THE PERSON NAMED IS HEREBY LICENSED TO  
CONDUCT OR ENGAGE IN THE PROFESSION INDICATED ABOVE.  
THIS DOCUMENT IS DULY ISSUED UNDER THE LAWS OF THE STATE OF DELAWARE

Department of State  
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Our mission is to regulate qualified professionals to ensure the protection  
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The Division of Professional Regulation is proud of our professional and responsive customer service. To receive renewal notices and other critical information, be sure to keep your professional license contact information up to date.  
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Can't find what you need online? Send an email to [customerservice.dpr@delaware.gov](mailto:customerservice.dpr@delaware.gov) and let us know what you need.

## MARYLAND



LICENSE \* REGISTRATION \* CERTIFICATION \* PERMIT

STATE OF MARYLAND

MARYLAND DEPARTMENT OF LABOR

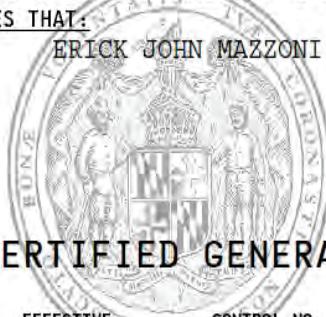
Lawrence J. Hogan, Jr.  
Governor

Beyd K. Rutherford  
Lt. Governor

Tiffany P. Robinson  
Secretary

COMMISSION OF REAL APPRAISERS & HOME INSPECTORS  
CERTIFIES THAT:

ERICK JOHN MAZZONI



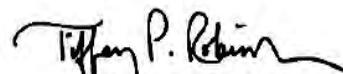
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LIC/REG/CERT  
29623

EXPIRATION  
05-14-2025

EFFECTIVE  
03-27-2022

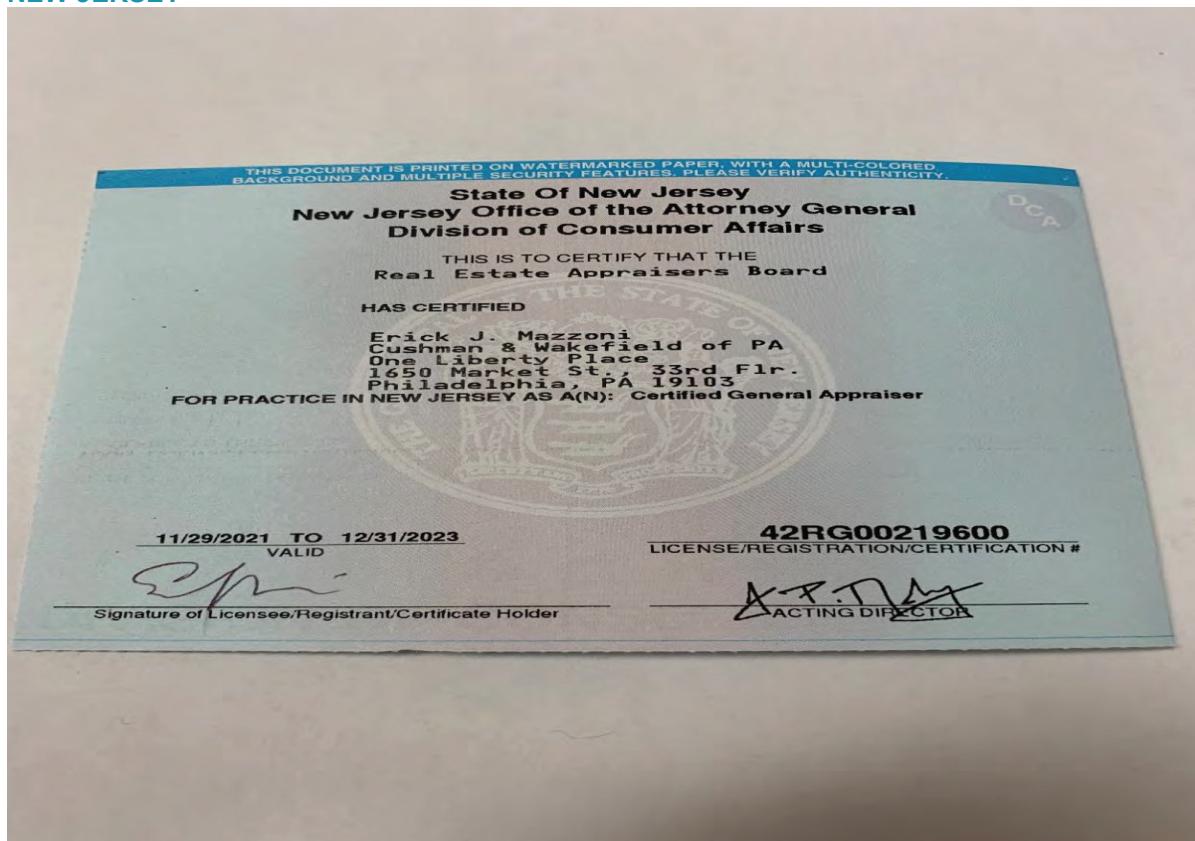
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Signature of Bearer

WHERE REQUIRED BY LAW THIS MUST BE CONSPICUOUSLY DISPLAYED IN OFFICE TO WHICH IT APPLIES

NEW JERSEY



OHIO



PENNSYLVANIA

DISPLAY THIS CERTIFICATE PROMINENTLY • NOTIFY AGENCY WITHIN 10 DAYS OF ANY CHANGE

**Commonwealth of Pennsylvania**  
Department of State  
Bureau of Professional and Occupational Affairs  
PO BOX 2649 Harrisburg PA 17105-2649

**21 0042564**

**License Type**  
Certified General Appraiser

**ERICK JOHN MAZZONI**  
CUSHMAN & WAKEFIELD  
ONE LIBERTY PLACE  
1650 MARKET ST, 33RD FLR  
PHILADELPHIA, PA 19103

**License Status**  
Active

**Initial License Date**  
03/24/2008

**Expiration Date**  
06/30/2023


**Signature**

**Commissioner of Professional and Occupational Affairs**

**ALTERATION OF THIS DOCUMENT IS A CRIMINAL OFFENSE UNDER 18 P.A.C.S. § 4911**



### **John Vincent**

Associate Appraiser  
Valuation & Advisory  
Cushman & Wakefield of Pennsylvania, LLC  
License New Jersey #42RP00421200  
License Pennsylvania #LAT001191

### **Professional Expertise**

John Vincent is an Associate Appraiser that joined the Cushman & Wakefield's Philadelphia's Valuation & Advisory Group in 2021. His current responsibilities include market research and analysis as it pertains to the valuation of commercial real estate throughout Pennsylvania.

Prior to joining Cushman & Wakefield, John was an intern with Rittenhouse Appraisals in Philadelphia during 2020, and 2021.

### **Memberships, Licenses, Professional Affiliations and Education**

- Practicing Affiliate, Appraisal Institute
- Licensed Appraiser Trainee in the following states:
  - New Jersey – 42RP00421200
  - Pennsylvania – LAT001191
- Bachelor of Business Administration, Temple University, Graduated Dec. 2021

### **Temple University Education & Appraisal Education**

- Real Estate Financial Modeling
- Real Estate Fundamentals
- Seminar in Real Estate Asset Management
- 15- Hour National USPAP
- Supervisor Trainee Course for Pennsylvania.
- In addition to the courses listed above, Temple University is an Appraisal Qualification Board Accredited University. This means John received 258 out of the 300 credit hours required towards his Certified General Appraisal license upon graduation.

**New Jersey**

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**State Of New Jersey**  
**New Jersey Office of the Attorney General**  
**Division of Consumer Affairs**

THIS IS TO CERTIFY THAT THE  
**Real Estate Appraisers Board**

HAS LICENSED

**John R. Vincent, III**  
709 S Matlack St.  
West Chester PA 19382

FOR PRACTICE IN NEW JERSEY AS A(N): **Trainee Permit**

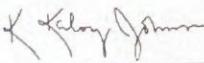
04/01/2022 TO 04/30/2023  
VALID

**42RP00421200**  
LICENSE/REGISTRATION/CERTIFICATION #

  
\_\_\_\_\_  
Signature of Licensee/Registrant/Certificate Holder

  
\_\_\_\_\_  
ACTING DIRECTOR

**Pennsylvania**

<small>DISPLAY THIS CERTIFICATE PROMINENTLY • NOTIFY AGENCY WITHIN 10 DAYS OF ANY CHANGE</small>	
<b>Commonwealth of Pennsylvania</b> Department of State Bureau of Professional and Occupational Affairs PO BOX 2649 Harrisburg PA 17105-2649	
<b>License Type</b> Licensed Appraiser Trainee  <b>JOHN ROBERT VINCENT III</b> 709 S MATLACK WEST CHESTER, PA 19382	<b>21 0246808</b>
<b>License Status</b> Active	<b>Initial License Date</b> 10/13/2021
	
<b>License Number</b> LAT001191	<b>Expiration Date</b> 06/30/2023
 _____ Commissioner of Professional and Occupational Affairs	 _____ Signature
<small>ALTERATION OF THIS DOCUMENT IS A CRIMINAL OFFENSE UNDER 18 P.A.C.S. 4911</small>	